

12/12/07

TOWN OF HAMILTON

Chapter 40B

Housing Production Plan

December 2005
(Amended June 2006)
(Updated November 2007)

HAMILTON HOUSING PARTNERSHIP

Technical Support:
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Boston, Massachusetts

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1. HOUSING STRATEGIES & ACTION PLAN

1.1 Planned Production

In December 2002, the Massachusetts Department of Housing and Community Development (DHCD) created an incentive for communities to make systematic progress toward the 10% statutory minimum under Chapter 40B. The incentive program requires communities to take two key steps: they must create a housing production plan that meets DHCD standards, and once DHCD has approved the plan, they must implement it by creating a meaningful number of new low- or moderate-income housing units each year. Having a state-approved housing production plan and producing new low- and moderate-income units at a rate of .75 of 1% per year makes cities and towns eligible for housing plan certification. After a community has met the annual production threshold for a certified housing plan, its Zoning Board of Appeals (ZBA) may continue to issue comprehensive permits to develop more low- or moderate-income units or deny comprehensive permits for a limited period and be assured that its denial will not be overturned by the Housing Appeals Committee. Today, DHCD is considering a reduction in the required rate of new affordable housing development so that more communities can qualify for housing plan certification.¹

Hamilton currently has 90 low- or moderate-income housing units on the Chapter 40B Subsidized Housing Inventory. These 90 units represent 3.3% of Hamilton's total year-round housing stock, as determined by the most recent decennial census (2,717 units). To meet the 10% statutory minimum, Hamilton needs at least 182 more low- and moderate-income housing units. To work toward 10% by implementing a Chapter 40B Housing Production Plan, Hamilton will have to create 14-20 new low- or moderate-income units per year.² At an average annual production rate of 14-20 units, however, Hamilton will not meet the 10% statutory minimum prior to the next decennial census. If the Town continues to produce new market-rate housing at roughly 10 units per year and begins to produce up to 20 low-and moderate-income units per year in 2008, Hamilton's adjusted year-round housing base for Census 2010 will be approximately 2,920.³ Under DHCD's Planned Production

¹ See proposed rule, 760 CMR 56.00, Comprehensive Permit; Low or Moderate Income Housing, at <<http://www.mass.gov/dhcd/hac/propreg-reg.doc>>.

² The range of 14-20 low- or moderate-income units represents Hamilton's minimum obligation under two scenarios: DHCD's current Chapter 40B regulations and the proposed rule, which would reduce the annual minimum from 0.75% (20 units) to 0.50% (14 units) of the Town's total year-round housing inventory, as reported in the most recent decennial census. See also, Massachusetts Department of Housing and Community Development (DHCD), "Guidelines for the Planned Production Regulation under MGL Chapter 40B: 760 CMR 31.07(1)(i)," Rev. August 2005, Planned Production at <<http://www.mass.gov/dhcd>>.

³ According to the Bureau of the Census, Hamilton has been issuing an average of 10 new-construction building permits each year since 2000. Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing and Construction Division, "Building Permits by County or Place," Building Permits at <<http://www.census.gov>>.

requirements, Hamilton's annual low-income housing obligation would increase to 16-22 units and its total Chapter 40B goal, 292 units.

Market-rate housing development has softened in Hamilton as it has throughout the Boston region, so it is possible that by 2010, Hamilton's year-round housing base will not reach 2,920 units. For planning purposes, however, the Town should anticipate that after 2010, maintaining a certified Housing Plan will require new low- and moderate-income housing equal to the then-applicable rate until Hamilton meets the 10% minimum under Chapter 40B. Assuming that DHCD institutes a series of proposed changes to its Chapter 40B regulations, Hamilton's future Planned Production requirement would be 14 units per year through the next census, and about 16 units per year after 2010.

Ultimately, managing Chapter 40B involves creating enough low- and moderate-income housing to comply with the 10% unit minimum or alternatively, the 1.5% general land area minimum.⁴ Increasing the affordable housing inventory at a rate of about 14-20 new units per year can be very challenging. For example:

- ◆ Working incrementally toward the 10% minimum will require a considerable amount of local capacity, many applications for mixed-income housing over a long period of time, and perhaps as many appeals by abutters. Since affordable housing units are not added to the Subsidized Housing Inventory until a comprehensive permit or other permit has been issued and the applicable appeals period has expired, Hamilton needs to consider the implications of basing a Chapter 40B strategy on the success of numerous small projects.
- ◆ It is very unlikely that creating rental housing – the most significant affordable housing need in Hamilton's region – can be accomplished at a rate of 14-20 units per year. As Hamilton officials already know, the Subsidized Housing Inventory includes all of the units in a comprehensive permit rental development even if 25% of the apartments are actually affordable (or 20% if affordable to very-low-income households), but in a homeownership development only the affordable units qualify as Chapter 40B units. If Hamilton decides to pursue a rental development in order to accelerate its progress toward the 10% statutory minimum, the town will need to recognize that rental developments require fairly high density and usually they require the advantages of scale. Making larger-scale, higher-density housing compatible with surrounding neighborhoods will require a thoughtful approach to design in order to be

⁴ Chapter 40B also provides for compliance on the basis of a General Land Area Minimum, as specified in 760 CMR 31.04(2). A community that meets the 1.5% General Land Area Minimum but does not meet the 10% low- or moderate-income housing minimum is not required to approve additional comprehensive permits. Under the General Land Area formula, at least 1.5% of a community's total *land* area must be developed for low- or moderate-income housing. "Land area" means all land zoned for residential, commercial or industrial uses, *excluding* land owned by federal or state agencies, units of local government or public authorities; open water, or any zone in which residential, commercial or industrial uses are completely prohibited, but *not excluding* wetlands. Applied to Hamilton, the 1.5% formula indicates that the Town would need at least 115 acres used for low- and moderate-income housing.

compatible with the Town's visual character and master plan goals, and the expectations of existing residents.

- ◆ It may be possible to carry out a 14- to -20-unit affordable housing development or to assemble many small projects that collectively produce 20 low- and moderate-income housing units per year, all in a manner that avoids developer or abutter appeals, but the high cost of land in Hamilton means that small projects will still require a higher density than is currently allowed under Hamilton's zoning policies *unless* the Town contributes some of its own land at no cost or at a substantially below-market price. ✓
- ◆ Non-profit housing developers are often willing to carry out a small-scale project and they tend to provide a larger percentage of affordable units than for-profit developers provide in a typical comprehensive permit development. However, non-profit developers usually need several sources of financing and low-cost land. In addition, small-scale rental projects can be unattractive to non-profit developers because the costs involved with managing the property may not be supported well by the development's rental income. Finally, Hamilton does not have a local non-profit development organization or in-place rapport with the region's more experienced non-profit developers. Attracting these organizations to Hamilton will require outreach and readiness to make Town-owned land or other local resources available to them.

Several suburbs have embraced a different strategy: the so-called "silver bullet," i.e., a rental development large enough to meet or exceed the 10% statutory minimum or at least to earn a two-year housing plan certification. Hamilton's region needs affordable rental housing, yet it is questionable whether Hamilton itself could absorb the infrastructure, fiscal and environmental impacts of a large rental development. Even if the Town wanted one, however, the Chapter 40B large-scale project cap may discourage some rental housing developers from considering a project in Hamilton unless the Town agrees to support exceeding the cap.⁵

Hamilton may find that systematically implementing a Chapter 40B Production Plan is difficult for political, financial or other reasons. The Hamilton Master Plan (2004) does not anticipate large residential or mixed-use developments except for selectively approved planned unit developments on estates or other large parcels, and while the downtown area is clearly identified as a place suitable for higher-density housing, the Master Plan does not promote large-scale development in this or any other location. In addition, Hamilton is similar to other Boston-area suburbs that wrestle with conflicts between open space and housing advocates, a condition that makes it hard for even the most sophisticated towns to increase their supply of low- and moderate-income housing. Aside from delays caused by developer or abutter appeals of comprehensive permit decisions, Hamilton is a town that may have more success by focusing on scattered-site housing activity that produces a

⁵ The large-scale project cap is one of several recent regulatory changes that DHCD made to help communities manage the impacts of Chapter 40B. It imposes limits on the size of an individual comprehensive permit development based on the number of year-round housing units in each city or town. The low-end cap is 150 units and the high-end cap is the greater of 300 units or 2% of a community's Census 2000 housing base. In Hamilton, the cap is 200 units.

few affordable units every 12 to 24 months. If the Town is unable to maintain a production rate of 14-20 units per year, it would be better to make consistent progress than no progress at all.⁶

1.2 Implementation

Increasing the supply of low- or moderate-income housing requires some form of *local action*, such as issuing comprehensive permits, adopting zoning that succeeds at producing affordable housing without a comprehensive permit, providing financial and other assistance to developers or property owners in order to create affordable units, making town-owned land available for affordable housing development, or using local, state and federal financial resources to convert existing homes to long-term or permanently affordable housing. Chapter 40B units are made affordable by some form of development assistance that reduces sale prices or rents to amounts that a low- or moderate-income family can afford: low-interest construction loans and permanent mortgages, grants that absorb a portion of a developer's acquisition or construction costs, or density increases that provide more development income and offset losses from affordable unit construction and sales. Regardless of the type of assistance, these contributions to a project share at least three attributes: government oversight, affirmative marketing requirements, and an enforceable deed restriction that limits use of the property to affordable housing for low- or moderate-income people.

This section of the Hamilton Housing Plan describes local actions that may be appropriate for Hamilton, given the Town's size, capacity and property characteristics and the provisions of its new Master Plan (2004). Most of the following strategies would help to address regional housing needs, fill gaps in the local market, and contribute new units to Hamilton's Chapter 40B Inventory. While some of the strategies will not add units to the Subsidized Housing Inventory, they represent ways to address affordability deficits that already exist in Hamilton, where most low- and moderate-income residents live in housing they cannot afford. A summary of regional housing needs appears in Section 2.3 of this report.

1.2.1 Local Capacity

HOUSING PARTNERSHIP. Consistent with the Master Plan, Hamilton has re-established affordable housing capacity by appointing a Housing Partnership. The responsibilities of a local partnership committee typically include:

⁶ Under 760 CMR 31.07(3)(d), Municipal Planning, the Housing Appeals Committee may accept evidence in an appeal hearing of goals and strategies outlined in a community's master plan, comprehensive plan or community development plan and the community's efforts to implement them. While these types of plans do not provide the same protection against inappropriate comprehensive permits as a Chapter 40B Production Plan, a community's efforts to create affordable housing by implementing another local plan *may* be enough to uphold the Board of Appeals in imposing comprehensive permit conditions that are later disputed by the developer. A plan that is not implemented or falls short of providing reasonable strategies to meet the 10% statutory minimum would be insufficient for purposes of 760 CMR 31.07(3)(d).

- ◆ Advocating for affordable housing development that meets housing needs identified in Hamilton's Housing Plan;
- ◆ Developing project review guidelines and development preference criteria;
- ◆ Developing a local preference policy and maintaining an inventory of regional housing, social service and minority organizations for use in affirmative marketing plans;
- ◆ Working with prospective Chapter 40B developers *before* they apply to MassHousing or MassDevelopment for Project Eligibility;
- ◆ Coordinating the process of collecting, reviewing and synthesizing comments on Project Eligibility applications referred to the Town by MassHousing or MassDevelopment;
- ◆ Identifying and promoting options for projects eligible under the state's Local Initiative Program (LIP), such as affordable housing on town-owned land or affordable units created under zoning changes to facilitate housing production;
- ◆ Cultivating relationships with responsible developers to create a pipeline of "friendly" comprehensive permit projects;
- ◆ Developing a knowledge base and acting as a community resource on affordable housing development and finance;
- ◆ Developing relationships with state and regional housing organizations, representing the Town at housing conferences, and serving as advisors to the Planning Board, Board of Selectmen and Board of Appeals on statutory, regulatory and finance changes that affect affordable housing development; and
- ◆ In a community that has adopted the Community Preservation Act (CPA), developing and submitting proposals for the use of CPA funds to develop affordable housing for low-, moderate- and middle-income households.

The Hamilton Housing Partnership has initiated discussions with developers and representatives of regional housing organizations in an effort to identify realistic opportunities for the Town. In 2005, the Partnership took the lead in organizing an all-boards meeting to discuss Carriage House Junction, a 22-unit mixed-income townhouse development at the corner of Essex and Sagamore Streets. The ZBA eventually issued a comprehensive permit for Carriage House Junction and the project is currently under construction. Further, the Housing Partnership assisted the Planning Board and Economic Development Committee with determining an appropriate fee-in-lieu-of-units schedule for the Town's new inclusionary zoning bylaw, adopted by Town Meeting in May 2005, and the Planned Alternative Development bylaw, which was withdrawn by its sponsors (Economic Development Committee) at the same town meeting.

HOUSING COORDINATOR. Since the Housing Partnership is a new, all-volunteer organization and the Town does not have a full-time professional planner, Hamilton may wish to consider allocating some of its CPA funding to hire a Housing Coordinator or Housing Specialist. This seems important not only for managing the comprehensive permit process, but also because Hamilton has joined the North Shore HOME Consortium. To maximize the effectiveness of HOME funds, the Town will need capacity to work with the Consortium's administering agency, the City of Peabody. The Housing Coordinator's primary duties should consist of five key tasks: (a) building the Partnership's capacity to function as effective affordable housing advocates, (b) identifying specific housing development opportunities and assisting the Partnership with implementation and financing strategies, (c) coordinating the Partnership's role in comprehensive permit review, (d) assisting as a local representative at regional and state housing conferences, and (e) creating a housing resource library for use by local officials.

GIS TECHNOLOGY. In addition to building the Partnership's role and providing professional support to manage housing initiatives, Hamilton needs to continue developing its in-house Geographic Information System (GIS) capability. The types of spatial analysis that can be carried out with GIS will improve Hamilton's ability to identify opportunity areas and evaluate site suitability for affordable housing proposals.

DEVELOPER NEGOTIATIONS. The Town should designate a negotiator or a negotiating team to assist the ZBA during the comprehensive permit process. Communities have adopted a variety of techniques for handling developer negotiations, but the common models include designating one local official – often a town administrator or other professional staff – or an administrative team comprised of professional staff, Town Counsel, and one member each from the ZBA, Board of Selectmen and Housing Partnership. The purpose of assigning a negotiator or negotiations team is to institute a process for identifying points of compromise, negotiating mitigation terms, and working to revise the project so it can be recommended favorably to the ZBA.

COMPREHENSIVE PERMIT POLICY. In 2003, the Hamilton Planning Board drafted a comprehensive permit policy that was intended to express the Town's preferences for affordable and mixed-income housing developments. The policy's current status is unclear. If the policy is to have credibility with developers or the housing subsidy programs that have authority to issue Project Eligibility letters, it should be vetted publicly, revised as appropriate, and endorsed by the Planning Board, Board of Selectmen and Housing Partnership. The Town should also consider ways to tailor its policy to the state's "Smart Growth" criteria for housing grants, subsidies and Chapter 40B Project Eligibility decisions.

1.2.2 State Incentives for Affordable Housing Development

CHAPTER 40R. State policymakers and legislators have created other incentives to encourage affordable and mixed-income housing development. For example, in 2004 the legislature enacted M.G.L. c.40R, "Smart Growth Zoning and Housing Production," which offers some financial incentives to communities that adopt a DHCD-approved Chapter 40R overlay district. The

financial incentives include a one-time payment to the community after the overlay district is adopted and a one-time payment for each unit created in the district, net of housing units already allowed in the underlying zone. A companion law, Chapter 40S, pledges additional school aid to communities that do not receive enough revenue from a Chapter 40R development to offset the public education costs for the development's school-age children. The overlay district must allow higher-density housing development by right, such as a minimum of 20 multi-family units per acre, 12 townhouse units per acre, or eight single-family homes per acre. Since Hamilton's population is less than 10,000, the Town may be eligible to create a Chapter 40R district with somewhat lower densities, provided the overlay district accomplishes the statutory purposes of Chapter 40R, contains no more than 15% of the Town's total land area and qualifies under at least one of state's three eligible location criteria:⁷

- ◆ An area located with ½ mile of public transportation facilities, or
- ◆ An area of concentrated development, such as a town center, or
- ◆ An area identified for higher-density development in a locally adopted master plan or comprehensive plan, an area designated as a development district under G.L. c.40Q, or an area otherwise identified by local officials as appropriate given existing or planned infrastructure and transportation facilities.⁸

The Hamilton Master Plan identifies three specific opportunity areas for higher-density housing development, all based on Hamilton's existing land use patterns, proximity to public transportation and Smart Growth principles applicable to small towns: downtown Hamilton and adjacent neighborhoods, Asbury Grove, and the Gordon-Conwell Seminary campus. For reasons outlined in this Housing Plan, neither Asbury Grove nor Gordon-Conwell currently provides housing that is eligible for the Chapter 40B Subsidized Housing Inventory. Still, these locations may be appropriate for mixed-income development or redevelopment in the future because they already have a relatively large number of housing units.

Downtown Hamilton and its adjacent neighborhoods offer the closest overall fit with Chapter 40R criteria. With its compact form and traditional street grid, commuter rail station, mix of commercial and residential uses, community facilities and nearby open space, Hamilton's downtown has area much to offer as a Smart Growth zoning district. Still, the Town would need to address at least three obstacles: (a) there is virtually no unrestricted land available for new development within ½

⁷ See M.G.L. c.40R, Section 1 and 760 CMR 59.04(a) for a more complete description of Chapter 40R overlay district minimum requirements.

⁸ M.G.L. c.40Q, District Improvement Financing or DIF, is a mechanism that allows communities to finance growth-supporting infrastructure improvements by earmarking revenue from future development to pay the debt service on DIF bonds. Establishing DIF bonding authority requires the city or town to receive prior certification for the development district and its associated financing plan from the Economic Assistance Coordinating Council.

mile of downtown Hamilton, (b) the area is not served by a sewer collection system or wastewater treatment facility, and (c) the area has only a modest amount of off-street parking available to support existing uses. In addition, downtown's established land use pattern is composed of moderate-density development in low-rise buildings. Given local property values, redevelopment near the downtown area under Chapter 40R guidelines would most likely require use intensity, building heights and possibly architectural styles that may seem incompatible with Hamilton's vision of its downtown. From a Smart Growth perspective, however, downtown and adjacent neighborhoods are an appropriate setting for higher-density development – though not necessarily at a level that would meet Chapter 40R standards.

TDR & DISTRICT IMPROVEMENT FINANCING. If Hamilton wants to encourage more development in the downtown area or other locations and simultaneously reduce development pressure on outlying land, a transfer-of-development-rights (TDR) bylaw might work with fair, realistic regulations and administrative procedures that are not unduly cumbersome. Hamilton has benefited from the generosity of landowners who donated land or granted conservation restrictions to the Town and other non-profit organizations, but there is still vacant, developable land in areas that Hamilton may want to protect as open space. TDR establishes a mechanism for transferring the development potential of some parcels to other parcels that have more carrying capacity than can be unleashed under current zoning.

Since Hamilton has already adopted inclusionary zoning, the Town would not need to complicate a TDR bylaw by adding affordable housing regulations. The Town could consider designating locations such as downtown or Asbury Grove as "receiving areas" and land in the vicinity of northern Sagamore Street as a possible "sending" area. Furthermore, the Town could consider seeking District Improvement Financing (DIF) authority for its TDR receiving areas and encourage solutions to the wastewater, pedestrian and parking facility needs that exist in these locations. While such policies may not leverage Chapter 40R incentive payments, they could help Hamilton address several needs at once: protected open space, affordable housing, and public improvements.

NEW STATE GUIDELINES FOR CHAPTER 40B PROJECT ELIGIBILITY. DHCD has a set of Smart Growth criteria for awarding grants and loans to affordable housing projects and reviewing Project Eligibility applications from prospective Chapter 40B developers. It is important to understand that DHCD's "Guidelines for Project Consistency with the Commonwealth's Sustainable Development Principles" do not rule out higher-density housing in small towns like Hamilton. In fact, the guidelines offer some compliance options to developers whose projects are not located in obvious Smart Growth locations. Some of the options include site designs that protect open space, buildings with enhanced energy efficiency, or locating mixed-income housing developments in established neighborhoods regardless of whether the neighborhoods are within walking distance of a town center. Hamilton should carefully review DHCD's guidelines and amend the Planning Board's Comprehensive Permit Policy to identify a variety of ways that developers can meet both state and local planning objectives.⁹

⁹ See Appendix A.

1.2.3 Small-Scale Development

Hamilton officials do not fully agree about the desirability of more affordable housing or ways to create affordable housing in a manner consistent with the Master Plan. If the Town prefers modest steps to increase its supply of affordable units, the following strategies should be considered:

- ◆ Affordable housing in new residential developments;
- ◆ Older home conversions to multi-family housing;
- ◆ Infill development;
- ◆ Upper-story housing units in commercial buildings;
- ◆ Congregate housing for special needs populations;
- ◆ A streamlined permit process for small comprehensive permit projects; and
- ◆ A CPA-funded “buy-down” assistance program for eligible first-time homebuyers

In May 2005, town meeting adopted an inclusionary zoning bylaw proposed by the Planning Board. However, the bylaw will probably have little impact in Hamilton because it offers no incentives or cost offsets to developers and applies only to developments with 10 or more dwelling units. Most of the Town’s new homes are built on “Approval Not Required” or “Form A” lots, i.e., one- or two-lot submissions that require no approvals under the Subdivision Control Law. As a result, the inclusionary bylaw does not apply to a majority of the development applications processed by the Planning Board. Coupled with mechanisms such as TDR or planned unit development (PUD) zoning, Hamilton’s inclusionary policies could be very effective. Local officials and residents will have to decide if they can accept the additional density associated with a TDR or PUD project in exchange for affordable housing and other public benefits.

MULTI-FAMILY CONVERSION UNITS. Small multi-family conversion projects may generate some affordable housing in Hamilton, but the Town needs to consider more “user-friendly” zoning to make these production techniques attractive to property owners. The existing inclusionary bylaw will not govern typical conversion projects because it is triggered by developments of 10 or more units, so the Town will need to think about requiring a reasonable percentage of affordability as a condition of issuing conversion permits.

A single-family conversion bylaw may be a realistic tool for producing some Chapter 40B-eligible affordable housing units. Although homebuyers sometimes look for opportunities to purchase a home with income potential, i.e., a home that can be converted to two-family use, Hamilton is more likely to attract developers seeking small renovation and rehabilitation/condominium conversion projects. The current zoning bylaw allows two-family conversions by special permit, but the regulations are prescriptive and they effectively limit the number of properties that would qualify

for approval. In addition, confining a conversion project to two units is not economically attractive given the very high market value of property in Hamilton.

Ideally, a conversion bylaw should allow redevelopment of an eligible property for up to four units by right, subject to a series of use requirements including one affordable unit that is protected by a use restriction, or five or more units by special permit (with a sliding-scale percentage of affordability tied to the total number of new units created). The Town could consider limiting conversions by right to the R-1a district given its proximity to downtown Hamilton, and offering conversion options by special permit in other locations. Hamilton may find it difficult to build political support for a by-right approach, but the problem with subjecting very small mixed-income projects to a special permit is that developers know they are likely to face an appeal. Unless developers have enough staying power to go through an appeal process for a small three- or four-unit project, the special permit will act as a significant disincentive.

It is important to note that Hamilton's new inclusionary zoning bylaw offers developers an option to comply by providing off-site affordable units elsewhere in Hamilton. A conversion bylaw would open possibilities to provide affordable units in a way that makes economic sense for the developer and does not require new construction. While a conversion bylaw may not create many units on its own, it could serve as vehicle for developers to comply with the inclusionary regulations.

With effective zoning in place, Hamilton could encourage conversions by offering financial assistance to interested developers. The three most logical sources of financial assistance are CPA, CDBG and HOME. Although CDBG is somewhat less complicated to administer than HOME, it comes with a statutory requirement that may make it unpalatable because at least 51% of the units in a multi-family rental building must be affordable to and occupied by low- or moderate-income households.¹⁰ The State CDBG Program offers a special set-aside for major rehabilitation and unit creation activities: the Housing Development Support Program (HDSP). It is a great resource, but Hamilton will have to weigh the impact of CDBG requirements on a site-by-site basis. Also, since HDSP is a competitive grant program, all applications are scored according to a series of policy and eligibility criteria. To compete for these funds, Hamilton will need a "live" project, a competent developer with site control over the property, and adequate local capacity to administer the grant.

For small conversion/reuse projects that create homeownership units, HOME funds can be an excellent resource for buy-down assistance. However, HOME also has special eligibility requirements and one that could be problematic in Hamilton is a program cap on the value of a HOME-assisted unit. Among other things, the cap means that prior to investing HOME funds in a homeownership unit, the Town would need a verifiable estimate of the unit's post-rehab value in order to confirm compliance with federal requirements. In addition to program-specific rules, about 15 "crosscutting" federal laws must be met in every HOME- and CDBG-assisted project. For

¹⁰ When CDBG funds are used for first-time homebuyer assistance and the homebuyer purchases a multi-family condominium, this requirement *does not* apply. However, when the funds are used in support of a project, the requirement *does* apply.

developments involving existing structures, a critical crosscutting requirement is compliance with federal lead paint laws. They can be very expensive to satisfy, and since Massachusetts has its own well-established lead paint law, communities using HOME and CDBG funds for housing development have to account for and report compliance with both standards. However, the standards differ.

Investing public funds in a housing project brings compliance obligations for the developer and the grantee (city or town). If Hamilton decides to pursue housing development grants, the town needs to be prepared to meet its responsibilities to federal or state funding agencies and a Housing Coordinator is one way to achieve that end. An effective housing plan often hinges on access to federal funds because programs such as CDBG and HOME provide patient capital that cannot be obtained from other sources. In most cases, federal funds also make the affordable units eligible for listing on the Subsidized Housing Inventory. Since federal funds can be crucial to closing cost gaps in an affordable housing project, the Town should be open to supporting developer applications for federal funds wherever appropriate. Low-impact affordable housing strategies like accessory apartments and conversion projects will not succeed unless they are grounded in reality; they need the right zoning, low-cost financing and adequate local capacity.

ACCESSORY APARTMENTS. While multi-family conversion projects sometimes attract developers seeking an investment opportunity, accessory apartments are almost always created to address a homeowner's personal circumstances: housing for an aging parent or adult child, or for rental income to help elderly people remain in their home. The needs that are usually met by accessory apartments mean that most of them may never be approved for the Subsidized Housing Inventory. Still, they offer more housing choices and in many cases they are affordable for moderate-income people. Recognizing the benefits that accessory apartments could offer to the community, Hamilton town meeting adopted an accessory apartment bylaw in May 2006.

For several years, the Town of Barnstable has operated a well-known "amnesty" program to convert illegal apartments into affordable units that are eligible for the Subsidized Housing Inventory. By offering CDBG funds to bring illegal units up to code, the Town has attracted many homeowners who accepted federal funds in exchange for an affordable housing rent restriction recorded at the Registry of Deeds. Barnstable also allows new accessory apartments and offers CDBG assistance to create them, so the Town has two ways to produce relatively inconspicuous affordable housing. As a CDBG entitlement recipient, Barnstable is bound by a variety of federal regulations, including compliance with the federal Fair Housing Act of 1968, as amended. Recognizing Barnstable's accountability to HUD, DHCD has accepted the Town's affordable accessory apartments when the Community Development Office submits a Subsidized Housing Inventory amendment form. Communities such as Hamilton will not find the process quite as simple, in part because they cannot offer the financial assistance that has made Barnstable's program so successful.

As a new member of the North Shore HOME Consortium, Hamilton may be able to establish a Barnstable-like accessory apartment program with HOME funds. Using HOME funds for this

purpose will depend on the Consortium's Five-Year Consolidated Plan and the set-asides or program allocations in each One-Year Action Plan. Also, HOME and CDBG operate under different rent limits and income targets, and HOME can be more complicated to administer. An obvious alternative is Community Preservation Act (CPA) revenue, which Hamilton will begin to collect in Fiscal Year (FY) 2006. Regardless of the funding source used to support an accessory apartment program, Hamilton will still have to address several Chapter 40B-related requirements if it wants to place affordable accessory units on the Subsidized Housing Inventory:

- ◆ The apartments must be made available through an affirmative marketing plan approved by DHCD. However, this could discourage homeowners because they will have to agree to a broad advertising and outreach process and not discriminate against qualified low-income renters. There are also potential conflicts between a community's interest in local preference and the 70% limitation on local preference units. Since accessory apartments are inherently "one-unit-a-time" projects, it is not feasible to allocate 70% to a local preference pool and 30% to a general pool. Hamilton would need to design an accessory apartment *program* with a program-wide local preference policy, i.e., one in which up to 70% of all units created may be offered on a local preference basis. Needless to say, it would be much easier to forego imposing any local preference requirements on affordable accessory apartments.
- ◆ DHCD requires annual monitoring of affordable rental units to verify that renters are low- or moderate-income households and the monthly rents are affordable. In Chapter 40B rental developments with property management staff, annual monitoring is standard fare; for local initiative units, the community must monitor and certify compliance. When the units are part of a development, such as an inclusionary housing project, the developer would typically provide long-term monitoring support by compensating the housing authority or a non-profit organization that provides this type of service. However, private homeowners cannot be expected to pay for compliance monitoring and it is questionable whether they will even agree to be monitored by an outside party.

INFILL DEVELOPMENT. In established neighborhoods and business districts, infill regulations facilitate development on lots that are too small or have too little frontage to meet existing zoning requirements. Since the lots do not comply with zoning, they have very little value unless they can be assembled easily with abutting parcels. For historic preservation and affordable housing purposes, some communities also use the infill concept to allow more than one dwelling on a single lot. Of course, the lot must comply with Title V and in a Zone II or another nitrogen-sensitive area, it may not be possible to accommodate infill uses. In Hamilton, this applies to several areas that already have less-than-one-acre lots, such as the neighborhoods west of Union Street, along Asbury Street east of Highland, and much of Essex Street. However, around the downtown area and in some neighborhoods off Bay Road and Essex Street, there appear to be infill development opportunities.

The Town could consider allowing a limited range of housing options on an infill basis – from ECHO units to two-family houses – provided the septic system on the lot conforms to Title V.¹¹ For two-family homes, one of the units could be deed restricted as an affordable unit. Usually two-family homes are not practical for creating affordable housing, but it should be possible to build a two-family home with one market-rate unit and one affordable unit on an infill lot because the land acquisition cost would be lower than that of a conforming lot. If necessary, the Town could seek HOME funds to close an affordability gap with buy-down assistance or make CPA funds available for the same purpose.

UPPER-STORY HOUSING IN MIXED-USE BUILDINGS. The Hamilton Master Plan recommends allowing upper-story residential uses in the Business District. Doing so would help to achieve the Master Plan's land use, economic development and housing goals. Like the regulatory obstacles to infill development, however, creating housing above the ground floor of commercial buildings will be difficult in Hamilton without a wastewater disposal and treatment facility in the downtown area. For a small downtown, a Business Improvement District (BID) could be effective for financing a shared wastewater system, but most of Hamilton's downtown businesses are small and their ability to pay a property tax surcharge or betterment fee will be limited. A financial contribution from the Town and grants or low-interest loans from outside sources seem inevitable. If Hamilton decides to pursue a district-wide wastewater disposal solution, the facility should be sized to accommodate some residential uses. Zoning to require a percentage of affordable units should also be considered.

SPECIAL NEEDS HOUSING. Congregate housing for adult persons with disabilities can be created by a local housing authority when DHCD makes construction grants available and the Department of Mental Health or Mental Retardation have operating funds to support new units. Special needs housing can also be developed by non-profit housing organizations with financing from HUD under the Section 811 Program. As an incentive for communities to provide disability housing, Chapter 40B regulations recognize each unit for individual occupancy as a separate housing unit for purposes of the Subsidized Housing Inventory. Hamilton could consider outreach and collaboration with regional special needs service providers to develop a few small congregate housing facilities, a move that would address regional housing needs and result in few if any impacts on municipal services.

SMALL COMPREHENSIVE PERMIT PROJECTS. Hamilton's interest in limiting growth and protecting neighborhood character is not inherently at odds with Chapter 40B. If the Town prefers small, relatively inconspicuous developments, it should promote them. For example, the comprehensive permit policy drafted by the Planning Board could be enhanced with small project guidelines that include an expedited review and permitting process. The Town of Acton has instituted this technique and approved two small-project comprehensive permits through the Local Initiative Program (LIP). Since the Board of Appeals has exclusive authority over comprehensive

¹¹ "ECHO" refers to Elder Cottage Housing Opportunity, or a separate, usually modular, unit restricted for senior occupancy on an existing single-family house lot.

permits, its participation in developing small project guidelines will be essential. This applies to the Board of Selectmen as well because ultimately, they are responsible for deciding whether to comment favorably or unfavorably on a developer's Project Eligibility application. The Housing Partnership could assist by coordinating a multi-board effort to establish standards, review guidelines and incentives for small mixed-income housing developments. For a small-project policy to work, it must be specific, realistic, and predictable for developers. The guidelines and particularly the incentives should be reviewed by Town Counsel before they are adopted.

1.2.4 CPA and Market Opportunities

Purchasing existing single-family homes and reselling them as deed-restricted affordable units has been mentioned several times in Hamilton as a desirable way to create Chapter 40B units. Unfortunately it is a slow, expensive, and administratively burdensome way to proceed, and it requires local capacity that does not exist in Hamilton. It also raises significant public policy issues, particularly if the strategy involves purchasing an interest in homes occupied by lower-income people in exchange for a deed restriction that reduces the resale value of their home. However, acquisitions of existing property may be more successful in Hamilton than a housing strategy that emphasizes new housing construction. Since the Town has adopted CPA, it has a source of revenue to support these kinds of initiatives.

In the past, homes sold at below-market levels offered some choices to moderate-income people who wanted to live in Hamilton. Excluding units already on the Subsidized Housing Inventory and occupancy-restricted units at Asbury Grove, there are 13 single-family and two condominiums homes in Hamilton with an assessed value equal to or less than the maximum amount a moderate-income homebuyer could afford in the Boston metropolitan area. There are also about 180 single-family homes with low enough assessments that if Hamilton's assessed values closely track the market, the Town may be able to acquire a restriction or right of first refusal from the owners and convert some of these units to affordable housing in the future.¹²

By placing affordable housing restrictions on property acquired with CPA revenue, communities often seek to protect older low-cost homes from mansionization and create permanently affordable units that qualify for the Subsidized Housing Inventory. The model makes environmental and political sense, especially in small towns. However, it requires a significant outlay of public resources and substantial local capacity, sometimes obtained through a non-profit development corporation or a consultant. Compared to other strategies, the acquisition/preservation model is very expensive. Since it involves such a large investment of public funds for very little housing benefit, this approach does not appeal to agencies that manage federal and state housing programs. While they do finance acquisition, rehabilitation and multi-family conversion projects, public agencies are loath to commit \$200,000+ toward the purchase of one house that will be sold for a

¹² Hamilton Assessor's Office, FY05 parcel data. The 180 units referred to here have values that could be considered reasonable for buy-down assistance, e.g., with a buy-down subsidy of \$100,000 or less.

maximum of \$185,000 when the same investment could leverage other funds and produce many affordable units.

The communities most able to implement a single-family home acquisition/preservation program are those with local funds – CPA or developer fees received under an inclusionary zoning bylaw – and professional staff. It also is possible to create affordability by restricting, selling or renting an existing home on land acquired primarily for open space. The Harvard Conservation Trust took this approach nearly 20 years ago when it acquired a large farm with an older home and agricultural outbuildings. The home was converted to four apartments and they remain on Harvard's Subsidized Housing Inventory today. It is important to note that the sale or lease of Town-sponsored affordable housing units requires DHCD approval of an affirmative marketing plan that includes outreach to low-income and minority service organizations, an open lottery application process, buyer or tenant selection criteria, and procedures to provide fair housing opportunities to minority households that do not reside in Hamilton.¹³

Despite widespread interest in acquisition/preservation of existing housing, success stories are hard to find. Many communities have funded these types of initiatives, but appropriating funds is not the same as achieving results. In 2004, the Stow Community Preservation Committee won support for saving an older Chapter 40B rental development from foreclosure by using CPA revenue to purchase permanent affordability restrictions from the non-profit corporation that owns and manages the project. The City of Newton has invested CPA revenue in several acquisition/preservation projects, often in conjunction with other funds under the City's control (such as CDBG), but most of Newton's projects created *additional* units within existing buildings. Further, Bedford has used CAP funds to create several types of affordable housing opportunities, including new or additional unit creation, homebuyer assistance, and purchasing affordability restrictions on existing condominiums. However, Bedford has an inventory of 337 condominiums and Hamilton has only 14. Bedford also has used CPA funds to pay a housing specialist to assist the Community Preservation Committee and Bedford Housing Partnership.

Nantucket has invested some of its CPA revenue in moving older homes to other sites in order to protect them from demolition, but Nantucket's housing relocation program is made possible by three ingredients: the Town's unusual demolition delay bylaw, a related set of zoning regulations that allow two dwelling units on a single parcel if one is affordable, and a professionally staffed Housing Office. Acquiring, restricting and selling existing single-family homes for affordable units is more difficult than many communities realize.

Considering the Commonwealth's CPA communities as a group, some general lessons can be gleaned from their experience with affordable housing:

- ◆ Cities and towns with staff, a consultant or a non-profit organization that is paid to support their Community Preservation Committees have sustained more progress than smaller towns

¹³ See Appendix B.

with few if any personnel. Newton, Cambridge, Bedford and Nantucket have a comparatively large percentage of *completed* projects because they committed staff resources to implementation.

- ◆ Communities that are successfully spending CPA revenue on housing have a diverse portfolio of completed and pipeline projects: preservation, redevelopment, new construction, adaptive reuse, and homebuyer assistance. Diversity can also be seen in the income targeting of CPA projects. Not all community housing developments are limited to low- or moderate-income households as that term is used in Chapter 40B. Since CPA defines “moderate income” as up to 100% of area median income, it is possible to blend CPA with other sources and address a wider range of needs.
- ◆ Portfolio diversity usually goes hand-in-hand with regulatory flexibility. Communities with a strong track record in CPA housing initiatives tend to have zoning that permits a variety of residential development options. Converting an obsolete commercial building into senior housing is far less complicated when zoning regulations allow congregated or multi-family units.

Hamilton has small houses that should be acquired and preserved, but it is unrealistic to make this kind of activity the centerpiece of a local housing program. To protect any of its existing homes, the Town needs a housing trust fund with recurring sources of revenue. It also needs capacity to design, develop, and complete affordable housing activities in a reasonably depoliticized environment. Bedford’s success with CPA is partially attributable to partnerships with non-profit organizations that have been able to act on the periphery of local government. Active relationships with non-profit groups also exist in Nantucket and Chatham. A Community Preservation Committee can fund housing initiatives, but it is not necessarily the best vehicle for implementing them. Hamilton’s success in this area will most likely depend on sustained participation from the Housing Partnership and technical expertise from a housing coordinator or housing specialist.

OPEN SPACE-AFFORDABLE HOUSING INITIATIVES. When Provincetown residents voted to adopt CPA, they imposed a requirement that 90% of their unrestricted CPA revenue would have to be allocated to affordable housing.¹⁴ Provincetown’s decision may seem extreme and at the time, it attracted some criticism from CPA advocates statewide. Nonetheless, it points to the concern that exists in a number of vacation and resort towns about the economic and social impact of rising home values on traditional year-round residents. For most suburbs, however, the growth impact most often associated with CPA is loss of open space. When the Master Plan was prepared in 2003-2004, the Town was very concerned about assuring the accuracy of its open space inventory. Ultimately, the Citizens Action Planning Committee (CAPC) determined that more than 2,900 acres in Hamilton are permanently protected. This represents approximately 31% of the Town’s total area.

¹⁴ This means 90% of the CPA fund not already required by law to be set aside for open space, affordable housing and historic preservation.

The Master Plan notes that Hamilton has a number of significant properties that would merit some sort of preservation strategy, in part because of their size but mainly because of their resource values or location. Hamilton might follow the Town of Lincoln's lead and conduct an at-risk properties analysis to identify sites that are most likely to be sold for development in the near future. Properties that have both open space and housing potential could be elevated to the top of Hamilton's priority list, and local officials participating in CPA activities could target these sites for CPA-assisted acquisitions. Combining open space, affordable housing and possibly historic preservations investments would allow Hamilton to commit more funding to a single project than a CPA activity that addresses only one statutory purpose.

1.2.5 CPA as a Source for First-Time Homebuyer Loans and Rental Assistance

Hamilton could consider allocating some CPA revenue to rental vouchers similar to Section 8 and thereby reduce the incidence of housing cost burden without building any new housing units. While this form of housing assistance will not add units to the Subsidized Housing Inventory, it would help to address needs that already exist in Hamilton and for which there are no new funds available from state or federal programs. For example, to make market rents affordable for five or six low-income families, Hamilton might allocate \$40,000-45,000 of its CPA revenue for rental assistance vouchers. If the Housing Authority agreed to administer this program, the Town would need to provide a modest administrative payment in addition to funding the subsidies. The Town of Chatham has used CPA funds for a Section 8-like rental assistance program for the past three years.

Several communities have also used CPA revenue to finance a first-time homebuyer program that offers downpayment and closing cost assistance to low- or moderate-income homebuyers. Much like subsidized rental assistance for tenants, downpayment and closing cost loans generally do not result in units eligible for the Subsidized Housing Inventory. However, they can help to make units in a Chapter 40B development affordable to a wider range of people.

1.2.6 Land Owned by the Town of Hamilton or Hamilton Housing Authority

The Town appears to own little if any land that is not subject to Article 97 or conservation restrictions. Most of Hamilton's public land is protected for conservation purposes or already used for community and school facilities. However, tax title parcels and vacant parcels owned by the Hamilton Housing Authority should be included in a review of public land that may be suitable for housing development. Parcels with development suitability could be sold through a Request for Proposals process to non-profit or for-profit developers who agree to apply for comprehensive permits to build moderate-density housing. Proceeds from the sale of Town-owned land should be retained in an Affordable Housing Trust Fund for investment in other initiatives, although this may require a special act of the legislature.

Disposing of land that was purchased in fee by town meeting involves different procedures from disposing of property taken through tax title foreclosure. If any of Hamilton's unrestricted parcels

are suitable for affordable housing, the Town will need to verify how the land was originally acquired. Town-owned land purchased by a vote of town meeting may also be sold by a vote of town meeting, following the real property disposition procedures of G.L. c.30B, the Uniform Procurement Act (Chapter 30B). After designating a parcel as "surplus property," a community may dispose of it by seeking bids or proposals, and the choice of procurement method depends on what local officials want to accomplish by selling the land. Most communities that have sold land for affordable housing have sought competitive acquisition and development proposals because their objective was not to receive the highest purchase price but rather, the best affordable housing use.¹⁵ Land acquired by tax title usually can be sold without a vote of town meeting, following the procedures prescribed in G.L. c.60.¹⁶ Several years ago, Hopkinton received a special act of the legislature that allows local officials to place the proceeds of tax title sales in a fund for open space. The same could be considered for affordable housing.

Hamilton officials have said that the Housing Authority owns one or more parcels which may have development potential. In most communities, lack of available, readily developable land is the most significant barrier to affordable housing development. If the Housing Authority has land with development potential and no other entity has a controlling interest in the property, it may be possible to convey the parcel to a non-profit or for-profit developer. This should be reviewed and confirmed by the Housing Authority's counsel.

Since there is virtually no funding available for new public housing, property controlled by local housing authorities is being developed elsewhere in Massachusetts under agreements with other organizations. In Chatham, for example, The Community Builders (TCB) is creating 48 rental units on land donated by the Chatham Housing Authority. A non-profit affiliate of the Webster Housing Authority developed rental units for the elderly in a decommissioned school building. Very small vacant parcels, e.g., a half-acre or so, may be most suitable for a small group home for persons with disabilities or a two-family home. If the lot does not conform to zoning, the Housing Authority's designated developer could apply for a dimensional variance or a Local Initiative Program (LIP) comprehensive permit. The key issues will be whether the parcel can accommodate a Title V septic system and the project can comply with the Wetlands Protection Act. Other constraints would have to be identified as part of a predevelopment study of the site.

To proceed with vacant land for affordable housing, the Housing Authority and/or the Town, perhaps in partnership, need to commission some predevelopment studies. The questions of particular interest to a developer or a financing source would be:

¹⁵ For additional information, see Office of the Inspector General, *Municipal, County, District, and Local Authority Procurement of Supplies, Services, and Real Property: Legal Requirements Recommended Practices Sources of Assistance*, 4th ed., (October 2000), 81-90 *passim*. See also, Appendix C.

¹⁶ See Citizens Housing and Planning Association (CHAPA), *Back on the Roll in Massachusetts* (February 2000), and Chapter 2 of the Acts of 2002.

- ◆ Are there any legal constraints on the Housing Authority's ability to convey the land, such as requiring prior approval from DHCD, or on the future use of the land, such as a restriction that would limit development to low-income rental housing?
- ◆ How much development can the site support – that is, what are the development constraints? These would include parcel size, developable land area, capacity to support a septic system that complies with Title V, and wetlands.
- ◆ Given the site's development capacity (maximum number of dwelling units), what kinds of housing would be economic to build there?
- ◆ What will it cost to acquire the land?

DHCD's Priority Development Fund (PDF) grant program provides support for planning and predevelopment services. For example, Acton used a small PDF grant to prepare a market study and concept plan for a parcel of town-owned land. These studies have culminated in a proposal to build three affordable units on the site. Andover recently received a PDF grant to identify development options for a vacant town-owned parcel that local officials would like to sell or lease for affordable housing, and Bellingham is using PDF funds to carry out a disposition process for an abandoned mill that will soon be redeveloped for elderly independent living and assisted living units.

Other possibilities include DHCD's Community Development Fund (CDF), the largest component of the state CDBG program, and CPA. DHCD allows small towns like Hamilton to apply to the Community Development Fund for planning grants. To be competitive, the Town's application should demonstrate that (1) the land is available and will be used solely for affordable housing, (2) the land would be donated or sold at a price that is substantially below market, (3) the town is committed to developing the site and (4) there are no obvious site constraints that would make all or most of the land undevelopable.

Aside from establishing development feasibility and transferring site control from the Housing Authority to a private developer, there will be financing applications to complete, permits to obtain, and ultimately, the units must be sold or rented under a marketing plan acceptable to DHCD. Usually the developer prepares all required financing applications, but some sources require the Town to serve as the applicant and others may require evidence of local support. For example, access to HOME funds requires action by the Town and the most likely avenue for obtaining those funds will be the North Shore HOME Consortium. Although CDBG may not be used for new housing construction, the state has awarded CDBG funds for site improvements in support of new affordable housing.

For very small parcels, a predevelopment analysis may be impractical and/or not attractive to the agencies that fund these types of projects. If the Housing Authority believes its land is developable but the parcels are small, it probably makes more sense to estimate what the land can support and issue a Request for Proposals for a developer to acquire and develop the sites. In a situation such as

this, the Housing Authority could impose some “threshold” conditions on the sale, such as a minimum number of dwelling units to be built on the site or a preference for family housing units, and let developers submit proposals for what they think they can build. If the Housing Authority (or the Town) specifies the public benefits it seeks to obtain by selling the land, namely Chapter 40B units, the land would not have to be sold to the highest bidder as long as the Request for Proposals establishes a clear non-price basis for selecting a buyer.

1.2.7 Tax Strategies

The Towns of Provincetown and Truro recently obtained a special act of the legislature to provide property tax relief to any landlord who enters into a long-term agreement with the Board of Selectmen to lease apartments to low-income tenants at rents they can afford. Again, CPA, HOME or CDBG funds may be used to rehabilitate the apartments and, where necessary, to remove lead paint.

1.2.8 Affordable Housing Restriction

For affordable units to be eligible for the Subsidized Housing Inventory, Hamilton must assure that the units will serve households with incomes no greater than 80% AMI. Toward this end, the Town will need to comply with DHCD policy by requiring use restrictions or re-sale controls to preserve housing unit affordability. Affordable housing units in a mixed-income development must be subject to a Regulatory Agreement between the developer and the subsidizing agency, unless the subsidy program does not require such an agreement. In addition, the units must be marketed in a fair and open process consistent with state and federal fair housing laws. For homeownership housing, the agency also requires a deed rider that preserves a unit’s affordability upon resale.

2. BACKGROUND

In May 2004, Hamilton Town Meeting supported a request from the Planning Board to fund an affordable housing plan as one of several measures to implement the new Hamilton Master Plan (2004). Like many Eastern Massachusetts suburbs, Hamilton has very little affordable housing as that term is defined in state law and the regulations governing a majority of federal housing programs. Unlike many suburbs, however, Hamilton has not received many proposals from investors seeking to build large affordable or mixed-income housing developments. Hoping to control Hamilton's destiny and reduce the risk of sudden, unwanted change in the community's small-town character, the Planning Board decided to prepare a housing plan in order to guide the production of affordable housing units at a pace the town could absorb. Shortly thereafter, the Board of Selectmen appointed a new Housing Partnership Committee.

2.1 Chapter 40B Opportunities

The Massachusetts Department of Housing and Community Development (DHCD) has issued regulations that encourage communities to make steady progress toward providing their regional fair share of housing affordable to low- and moderate-income people. Known as "planned production," the regulations establish a process for local governments to increase the supply of affordable housing at an annual rate of at least .75 of 1% of their year-round homes. The process involves two key steps. First, the community must develop a DHCD-approved Housing Production Plan. Second, after the community implements its approved plan by permitting enough new Chapter 40B units to meet the annual minimum, the plan can be *certified*. This certification enables local officials to continue approving comprehensive permit applications or if necessary, to deny them for up to 12 months.

The production plan regulations offer an incentive to cities and towns that do not meet a statewide affordable housing goal set by the legislature in 1969. When less than 10% of a community's housing units are affordable to low- and moderate-income people, G.L. c.40B, Sections 20-23 ("Chapter 40B") all but requires local officials to grant a "comprehensive permit" to qualified affordable housing developers. A comprehensive permit overrides zoning and other local regulations that make it infeasible to build affordable housing. By consolidating the approval powers of several town boards into one permit issued by the board of appeals, legislators hoped to accelerate low-income housing development in the suburbs and achieve a more regionally balanced distribution of the poor and racial minorities. The law allows a board of appeals to approve, conditionally approve or deny a comprehensive permit, but in communities that do not meet the 10% statutory minimum, a denied or conditionally approved permit can be appealed by the developer to the state Housing Appeals Committee (HAC).

Without a DHCD-approved Housing Production Plan, communities that fall below the 10% goal are vulnerable to large or poorly planned developments. However, the state has instituted other regulations to protect towns from very large affordable housing developments and establish a

“grace period” for denying additional comprehensive permits even without a production plan. For example, the “large-scale project cap” limits a single affordable housing development to a maximum of 200 units in Hamilton, and under the “recent progress rule,” Hamilton would be able to deny a comprehensive permit for 12 months after approving one (or more) with at least 55 low-income units. With a DHCD-approved production plan, however, Hamilton could deny a comprehensive permit for 12 months following the issuance of a comprehensive permit for at least 20 low-income units. By offering the production plan option, DHCD hoped to inspire communities to become more pro-active about affordable housing. An issue for Hamilton and many small towns like it is whether the planned production standard of .75 of 1% is realistic. Despite the region’s attractiveness to families, Hamilton has not issued 20 new-home building permits per year in the past eight years. In fact, producing 20 Chapter 40B units per year would require Hamilton to *triple* its average annual production rate.

A Chapter 40B Housing Production Plan offers many advantages to a community that can implement it. Unfortunately, Hamilton does not have an established track record of low-income housing development and there is considerable tension about residential growth of any kind. In addition, the success of an affordable housing plan hinges on unity inside local government, yet local officials in Hamilton do not always agree about the best ways to provide for affordable housing. The Town may find it easier to increase its affordable housing inventory at a less ambitious pace than the annual production rate required for a Chapter 40B housing plan. However, a plan tailored to local capacity and resources does not guarantee protection from unwanted comprehensive permits.

2.2 Scope of Housing Needs Analysis

Housing plans begin with an analysis of needs in a community and its economic region. For Hamilton’s plan, the region includes the Boston Primary Metropolitan Statistical Area (PMSA) and a sub-regional cluster comprised of Hamilton, Beverly, Danvers, Essex, Gloucester, Ipswich, Manchester, Newbury, Rowley, Topsfield and Wenham. While it may seem logical to measure housing needs by the number of Chapter 40B units a town would have to create in order to reach 10%, economic areas are much like watersheds: they do not follow municipal boundaries. In addition, the 10% minimum under Chapter 40B was never intended to be used as a measure of housing needs; rather, it establishes a threshold for determining whether communities have a legal obligation to issue comprehensive permits.

Table 1 shows that Hamilton needs an additional 182 Chapter 40B units to meet the 10% goal. However, even if Hamilton and all of the surrounding cities and towns complied with Chapter 40B, the region as a whole would still have about 4,900 cost-burdened, low- and moderate-income households without access to decent, affordable housing.¹⁷ The fact that a community has met the 10% statutory minimum does not mean that it has enough affordable housing for people who need

¹⁷ U.S. Department of Housing and Urban Development (HUD), “Comprehensive Housing Affordability Strategy (CHAS) 2000 Data,” State of the Cities Data System at <<http://socds.huduser.org/index.html>>.

it. For communities that fall far short of the 10% minimum, the level of unmet need is particularly conspicuous, as shown in Table 1. In Essex, Newbury, Hamilton and Manchester, for example, the ratio of households living in housing they cannot afford to the community's inventory of affordable units is extremely high: 6.25 housing cost-burdened households for each affordable unit in Essex to 3.9 in Manchester.

Table 1. Local, Regional & Statewide Housing Needs

Geography	Existing Chapter 40B Units	Percent Chapter 40B Units	Excess/Deficit Chapter 40B Units	Unaffordably Housed Low- and Moderate-Income Households*	Ratio of Households with Unaffordable Housing to Chapter 40B Units
Beverly	1,859	11.5%	244	3,151	1.69
Danvers	1,007	10.4%	36	1,624	1.61
Essex	40	2.9%	-96	250	6.25
Gloucester	1,032	7.9%	-268	2,845	2.76
HAMILTON	90	3.3%	-182	352	3.91
Ipswich	444	8.2%	-97	972	2.19
Manchester	105	4.7%	-117	410	3.90
Newbury	94	3.6%	-167	393	4.18
Rowley	88	4.4%	-111	344	3.91
Topsfield	114	5.4%	-99	223	1.96
Wenham	<u>116</u>	<u>8.9%</u>	<u>-15</u>	<u>178</u>	1.54
Regional Total	4,989	8.5%	-871	10,742	2.15
Massachusetts	240,236	9.5%	-12,460	525,559	2.19

Sources: DHCD, *Subsidized Housing Inventory* (October 2007), HUD, *Comprehensive Housing Affordability Strategy* (CHAS), and Community Opportunities Group, Inc. *Unaffordably housed means households paying more than 30% of their monthly gross income on housing costs.

It may also seem reasonable to define housing needs by focusing solely on a community's existing residents, without regard for needs that exist in a larger region. However, 41.8% of all households in Essex County qualify as low or moderate income and approximately 38% of them live in non-urban communities like Hamilton. Federal census data indicate that 25.4% of Essex County's population moved from one Eastern Massachusetts home to another after 1995.¹⁸ Although local officials in most cities and towns worry about the social, economic and fiscal impacts that affordable housing developments may bring to their communities, many households can choose to move from one town to another because they have economic mobility. For low- or moderate-income households, the shortage of affordable housing is effectively a shortage of choices. This problem is

¹⁸ Ibid, and U.S. Department of Commerce, Bureau of the Census, Census 2000, Summary File 3 Table P24, American FactFinder at <<http://www.census.gov/>>.

magnified for populations affected by housing discrimination: racial and Hispanic minority populations, people with disabilities, and families with school-age children.

Despite Chapter 40B's focus on low- and moderate-income people, the state's housing needs are complicated and they affect many market levels. Accessible homes for households with a disabled family member, smaller housing units for older people who do not want the maintenance responsibilities of a single-family home, and moderately priced rental units for young citizens are common needs across the state. About 9% of Hamilton's working-age adults have a disability, but except for elderly public housing units, Hamilton has virtually no barrier-free housing. Also, while Hamilton's area has attracted some over-55 housing developments, most are expensive condominiums or cottage-style units with sale prices that far exceed the means of many senior citizens, especially households headed by people over 75. In contrast, public elderly housing units built decades ago tend to be small and as a result, they are not very attractive to many of today's seniors. Many age-restricted Chapter 40B developments have been approved in Massachusetts, but the asset tests for eligibility to buy a Chapter 40B homeownership unit mean that many income-eligible seniors do not qualify. In several cases, the developers have sought amendments to their comprehensive permits in order to remove the age restriction because they are having trouble selling the affordable units.

2.3 Summary of Regional Housing Needs

Considering the size and composition of the Subsidized Housing Inventory in Hamilton and Hamilton's sub-region and the number of cost-burdened, low-income households for whom there is currently a shortage of affordable units, the Town should emphasize the following priority needs in future affordable housing initiatives:

2.3.1 Rental Housing¹⁹

- ◆ **FAMILIES:** rental units designed for families (two- and three-bedroom units), and affordable to those with low and very-low incomes (at or below 50% AMI).
 - ◆ Hamilton's sub-region has approximately 2,800 families with incomes below \$20,000, and another 2,400 with incomes below \$30,000. Of the sub-region's 1,471 families below poverty, about half are married couples and the other half are single-parent females; 70% of these families have related children under 18, yet the vast majority of low-income rental units in these 11 communities are age-restricted apartments.
 - ◆ According to HUD, two- to four-person families in rental housing have the highest incidence of housing cost burden of all household types in Hamilton's area.
 - ◆ There are 908 households in Hamilton's sub-region with a "sub-family," including 41 in Hamilton. A sub-family usually consists of an unmarried teen parent or an adult child who

¹⁹ Census 2000, Summary File 1 Table P37; Summary File 3 Tables P23, P24, P52, P67, P90, PCT3, PCT4, HCT11.

returns home with dependent children following a divorce. A sub-family may also include elderly parents who move in with their children. Unlike the Boston PMSA, where households with any sub-families sometimes have two or more, the communities in Hamilton's area tend to have one sub-family households. More than 70% of all sub-families in the 11-town area have children under 18, and 52% of them are single-women with children.

- ◆ **ELDERLY:** rental units affordable to very-low-income senior citizens (at or below 30% AMI). At least 15% of the units should be accessible to persons with disabilities or designed for accessibility retrofits. There are approximately 1,200 over-75 households in Hamilton's sub-region with incomes below \$10,000.
- ◆ **PERSONS WITH SEVERE DISABILITIES:** congregate-living single-family homes designed for occupancy by four to eight adults with severe disabilities. Of the 11,000 persons between 16-64 years of age in Hamilton's area, 16% have a severe mental or sensory impairment. The Massachusetts Department of Mental Retardation reports a significant shortage of community-based housing for people with disabilities in virtually all small towns and suburbs on the North Shore.
- ◆ **NON-FAMILY HOUSEHOLDS:** one- and two-bedroom apartments priced for occupancy by young moderate-income people and college students seeking off-campus housing in the immediate region. At least 5% of the units should be accessible to persons with disabilities or designed for accessibility retrofits. The sub-region has approximately 800 persons with a physical disability in the 16-24 age cohort. There is very little barrier-free housing available to them anywhere in Hamilton's area except for units in public housing developments that were built primarily for seniors.

2.3.2 Ownership Housing²⁰

- ◆ **FAMILIES:** a mix of two- and three-bedroom condominiums and townhouses, affordable to families in the moderate- and median-income range. Overall, small two- to four-person families with moderate incomes have the highest incidence of homeowner housing cost burden in Hamilton's sub-region, and they are the least well served by existing Chapter 40B housing in Hamilton or other towns nearby.
- ◆ **ONE-PERSON HOUSEHOLDS:** one- and two-bedroom condominiums, affordable to single people in the moderate- and median-income range. With the exception of Beverly and Wenham, where colleges with undergraduate degree programs have a significant impact on each town's population age statistics, the communities in Hamilton have very small percentages of persons 18-24 compared to the Boston PMSA or the state, *discounting* college dormitory and off-campus housing populations. Addressing one-person household needs could mitigate the fiscal impact of family housing, provide housing suitable for young people

²⁰ Census 2000, Summary File 1 Table P37; Summary File 3 Tables, P52, P67, PCT42, HCT11.

working in Hamilton, Beverly and Boston, and create additional markets for businesses operating in downtown Hamilton.

- ♦ **EMPTY-NESTERS AND SENIORS:** one-, two- and some three-bedroom condominiums or cottage units, priced for moderate- and median-income buyers. At least 10% of the units should be accessible to persons with disabilities or designed for accessibility retrofits. In Hamilton's sub-region, low- and moderate-income seniors rank second to small lower-income families for incidence of housing cost burden. The incidence of housing cost burden among seniors in Hamilton is particularly high even though elderly one-person households in Hamilton have higher incomes than their counterparts in all other communities in the area. There are nearly 2,000 housing units occupied by homeowner households with incomes below \$15,000 in the 11-town area, 68% are elderly households, and even though most do not have a mortgage, they are more likely to have *severe* cost burdens than any other group of homeowners except single women with children under 18.

3. HOUSING NEEDS ANALYSIS

3.1 Population and Household Characteristics

Hamilton is a small, prestigious suburb north of Boston, bounded by Ipswich, Essex, Manchester, Wenham and Topsfield. Its Census 2000 population of 8,315 represents a 14.2% increase since 1990, an above-average growth rate for Massachusetts suburbs yet lower than that of surrounding Essex County communities.²¹ Hamilton sustained two decades of rapid growth after World War II, but by the 1970s its population growth rate had declined significantly. Due to the town's long-standing tradition of single-family home development, most people living in Hamilton are members of *family* households, i.e., households of two or more people related by blood, marriage or adoption. In fact, Hamilton has one of the largest percentages of family households in the region. Table 2 provides summary-level population, household and family statistics for Hamilton's region.

Table 2. Population, Households and Families

Geography	Population	Households	Families	% Family Households
Beverly	39,862	15,750	9,907	62.9%
Danvers	25,212	9,555	6,562	68.7%
Essex	3,267	1,313	888	67.6%
Gloucester	30,273	12,592	7,896	62.7%
HAMILTON	8,315	2,668	2,143	80.3%
Ipswich	12,987	5,290	3,462	65.4%
Manchester	5,228	2,168	1,436	66.2%
Newbury	6,717	2,514	1,815	72.2%
Rowley	5,500	1,958	1,468	75.0%
Topsfield	6,141	2,099	1,713	81.6%
Wenham	4,440	1,285	957	74.5%
Boston PMSA	3,406,829	1,323,487	824,145	62.3%

Source: Census 2000, Summary File 1 Tables P1, P15, P31.

3.1.1 Population Age

Compared to other communities nearby, Hamilton has a young population. This is partially explained by the presence of nearly 700 graduate students at Gordon-Conwell Seminary. However, Hamilton has a large percentage of families with young children and a higher-than-average number of children per family. During the 1990s, many new families moved to Hamilton and as a result, the town experienced both population growth and changes in the make-up of its households. Housing resales to young families served as the main generator of population growth from 1990-

²¹ Census 2000, Summary File 1 Table P1, and 1990 Census of Population and Housing Summary File 1, Table P01.

2000, for Hamilton experienced a fairly small amount of new housing development yet nearly half of the town's 2,187 homeowners purchased the home they live in at some point during the 1990s.²² By the end of the decade, the percentage of elderly residents had dropped slightly while the percentage of persons under 18 had increased by 30%.

The state experienced a 3.7% decline in the number of persons under 5 from 1990-2000, and a similar trend occurred in most communities throughout the Boston PMSA. However, Hamilton, Wenham, Topsfield and Newbury absorbed significant pre-school population growth. Hamilton and Wenham also absorbed very high rates of school-age population growth. The regional school committee's decision to build a new middle school next to the high school makes sense in light of the large increase in school-age children that both towns experienced during the 1990s. Table 3 presents population change by age cohort in Hamilton and other sub-region communities.

Table 3. Change in Population by Age Cohort, 1990-2000

Geography	Age Cohort							
	< 5	5-17	18-24	25-34	35-44	45-54	55-64	65+
Beverly	-4.9%	10.2%	-10.6%	-23.4%	14.2%	56.3%	-4.1%	9.0%
Danvers	-4.7%	20.8%	-26.1%	-32.8%	17.2%	37.2%	-4.8%	20.2%
Essex	-9.0%	13.4%	-29.8%	-36.2%	-3.0%	63.2%	1.0%	4.5%
Gloucester	-6.9%	15.3%	-24.7%	-22.4%	11.3%	62.3%	2.7%	6.5%
HAMILTON	10.0%	31.0%	-15.7%	1.8%	15.4%	45.1%	-6.1%	11.2%
Ipswich	-4.9%	25.7%	-27.0%	-35.4%	10.5%	66.8%	19.4%	15.7%
Manchester	-23.2%	27.9%	-43.8%	-41.9%	-10.0%	26.0%	23.4%	8.1%
Newbury	9.8%	32.6%	-24.5%	-18.1%	12.6%	89.0%	28.9%	12.7%
Rowley	-5.8%	42.7%	-3.9%	-34.6%	42.5%	96.4%	45.3%	24.7%
Topsfield	7.6%	30.5%	-37.7%	-36.3%	8.0%	30.1%	-6.4%	20.2%
Wenham	17.3%	47.5%	-15.6%	-33.4%	20.6%	47.6%	-22.6%	15.6%

Source: Census 2000, Summary File 1 Table P12; 1990 Census, Summary File 1 Table P011. Direct comparisons unavailable for Boston PMSA due to changes in PMSA boundaries after 1992...

3.1.2 Race, Ethnicity and National Origin

One factor that contributes to Hamilton's statistically young population – Gordon-Conwell Seminary – also brings some statistical diversity to the town. Neither Hamilton nor any neighboring community approximates the Boston PMSA average for population percent of racial minorities (17.5%), but Hamilton's 5.8% minority population leads the sub-region. Most of the town's minority residents are Asian and concentrated in the census geographic area that includes the Seminary. In contrast, all of the sub-region's communities fall far short of the Boston PMSA for population percent of African Americans. While Hamilton nearly matches the metropolitan area for percentage of Asian people, its .5% Black population does not even approximate parity with

²² Census 2000, Summary File 1, Table H4; Summary File 3, Table H38.

the PMSA (7%), and this is true for all neighboring communities as well. Table 4 reports the number of racial minorities in Hamilton, the sub-region and Boston PMSA.

Table 4. Local and Sub-Region Population by Race

Geography	White	African American	American Indian or Alaska Native	Asian	Native Hawaiian or Other Pacific Islander	All Others (Not Classified or Two+ Races)
Beverly	38,257	413	70	511	12	599
Danvers	24,638	87	25	281	4	177
Essex	3,218	5	4	14	1	25
Gloucester	29,361	186	37	218	7	464
HAMILTON	7,832	39	14	354	4	72
Ipswich	12,675	51	11	104	1	145
Manchester	5,169	3	9	20	0	27
Newbury	6,604	25	9	30	1	48
Rowley	5,411	13	14	25	0	37
Topsfield	6,003	23	2	52	0	61
Wenham	4,344	19	1	60	0	16
Boston PMSA	2,811,444	236,916	6,773	166,880	1,349	183,467

Source: Census 2000, Summary File 1, Table P7.

Less than one percent of Hamilton's population is Hispanic or Latino, much like the sub-region as a whole, yet Hispanic or Latino persons comprise nearly 6% of the PMSA-wide population.²³

Hamilton also differs from the PMSA in the national origins of its people. For example, Hamilton residents are far more likely to claim England, Norway, Sweden, Switzerland, Scotland and Canada's Atlantic Provinces as their roots and much less likely to cite Brazil, Italy, Greece, the Arab nations and most Eastern European countries.²⁴ The ancestral make-up of persons in neighboring Beverly more closely approximates that of the Boston PMSA, but a majority of the sub-regions small towns are similar to Hamilton.

3.1.3 Populations with Special Needs

Hamilton's sub-region is home to 20,000 people with one or more disabilities. Compared to the Boston PMSA, the sub-region has larger shares of children under 15 and senior citizens with disabilities, and the distribution of disabilities by type is different from that of the PMSA or the state as a whole. For example, Topsfield, Hamilton and Rowley significantly exceed the Boston PMSA for children with disabilities, and mental disabilities are far more prevalent among children in the

²³ Census 2000, Summary File 1, Table DP1; Summary File 3, Table DP2.

²⁴ Census 2000, Summary File 3, Table PCT16.

sub-region's communities with the exception of Newbury and Wenham. Most of the communities moderately exceed the Boston PMSA for the presence of mental or physical disabilities among working-age adults, but they fall substantially below the Boston PMSA for adults with self-care limitations and severe disabilities that interfere with employment. Of the sub-region's 11 cities and towns, Hamilton and Wenham have the lowest incidence of work-related disabilities among persons 16-64, yet Hamilton has the highest incidence of physical disabilities in the same age group. Hamilton, Newbury and Rowley all have fairly small percentages of seniors with disabilities, and while seniors in Hamilton are as prone to physical disabilities as their peers elsewhere in the Boston PMSA, they are much less likely to have a self-care or mental impairment. Not surprisingly, the communities with assisted living facilities and nursing homes have a larger share of the sub-region's seniors with severe mental, sensory or physical impairments. Table 5 reports the number of persons with disabilities in each community and their distribution across age cohorts.

Table 5. Disability Population by Age and Average Number of Disabilities Per Person

		% Disability Population by Age				Average Disability Incidence
Geography	Disability Population	Under 5	16-20	16-64	Over 65	
Beverly	6,238	14.5%	6.7%	63.9%	14.9%	1.75
Danvers	3,273	16.3%	6.2%	61.0%	16.6%	1.86
Essex	345	17.2%	5.8%	62.6%	14.4%	1.55
Gloucester	4,766	14.7%	5.6%	63.9%	15.8%	1.71
HAMILTON	830	19.4%	4.9%	64.5%	11.2%	1.72
Ipswich	1,713	15.5%	5.0%	63.2%	16.2%	1.67
Manchester	576	17.6%	5.2%	60.2%	17.0%	1.52
Newbury	849	18.9%	4.7%	64.9%	11.5%	1.70
Rowley	612	19.8%	6.1%	64.5%	9.6%	1.81
Topsfield	391	21.1%	4.7%	59.1%	15.1%	1.71
Wenham	541	14.2%	21.5%	49.3%	15.0%	1.92
Boston PMSA	547,436	15.1%	6.7%	64.9%	13.3%	1.73

Source: Census 2000, Summary File 3 Tables P23, P24.

3.1.4 Household Types and Age of Householders

Hamilton families are more likely to be married-couple families than is the case in some communities nearby or within the Boston PMSA. The prevalence of traditional married-couple families correlates with larger percentages of families with children and a higher average number of children under 18 per family (Table 6). Nationally and statewide, total household growth from 1990-2000 exceeded the rate of family household growth, but this was not so in communities like Hamilton, Wenham and Topsfield, where family households accounted for most of the increase in households over the past decade. Still, the percentage of families headed by persons of child-bearing and child-rearing age is slightly smaller in Hamilton than in the state as a whole or the Boston PMSA while the percentage of households over 65 is slightly larger. Except for Beverly and

Gloucester, the communities in Hamilton's sub-region have extremely small percentages of households headed by persons under 25, and this applies to family and non-family households.

Table 6. Family Size & Composition

Geography	Families	% Married Couple Families	Average Family Size	% Families w/ Children <18	Average # Children <18
Beverly	9,907	79.6%	3.02	45.8%	0.82
Danvers	6,562	81.9%	3.11	45.0%	0.83
Essex	888	83.0%	3.03	46.6%	0.85
Gloucester	7,896	77.8%	3.00	44.0%	0.78
HAMILTON	2,143	88.5%	3.22	52.4%	1.02
Ipswich	3,462	82.4%	3.00	45.9%	0.82
Manchester	1,436	84.1%	2.96	44.7%	0.84
Newbury	1,815	85.2%	3.16	49.5%	0.92
Rowley	1,468	86.0%	3.23	52.0%	1.00
Topsfield	1,713	90.3%	3.22	49.3%	0.97
Wenham	957	89.3%	3.19	50.5%	0.98
Boston PMSA	824,145	76.6%	3.12	46.9%	0.86

Source: Census 2000, Summary File 1, Tables P31, P33, P34, P36.

Approximately 10.4% of Hamilton's population is elderly, and elderly households comprise 20% of all households in town.²⁵ The proportion of elderly households headed by persons over 75 in Hamilton is low for the region and much lower than the Boston PMSA average.

Table 7. Age Distribution of Householders

Geography	Total Households	Age Cohort						
		<34	35-44	45-54	55-64	64-74	75-84	85+
Beverly	15,750	19.7%	23.5%	21.0%	12.5%	11.3%	9.1%	2.9%
Danvers	9,555	13.6%	24.1%	21.7%	14.7%	13.9%	9.6%	2.3%
Essex	1,313	13.7%	24.8%	26.0%	13.5%	11.3%	8.3%	2.4%
Gloucester	12,592	16.6%	22.8%	22.3%	14.4%	12.5%	8.5%	2.8%
HAMILTON	2,668	14.1%	26.5%	25.6%	13.7%	11.1%	7.1%	1.9%
Ipswich	5,290	11.9%	23.9%	24.4%	15.6%	12.3%	9.1%	2.8%
Manchester	2,168	10.0%	19.2%	25.0%	18.7%	14.1%	9.7%	3.2%
Newbury	2,514	10.9%	27.4%	27.6%	14.9%	10.4%	6.8%	2.0%
Rowley	1,958	12.9%	32.3%	26.3%	13.0%	8.9%	4.5%	2.0%
Topsfield	2,099	6.8%	25.3%	26.8%	16.0%	13.6%	10.1%	1.4%
Wenham	1,285	5.9%	22.5%	24.3%	14.9%	14.9%	13.5%	4.0%
Boston PMSA	1,323,487	22.5%	23.1%	20.0%	13.1%	10.7%	8.0%	2.6%

Source: Census 2000, Summary File 1 Table P21.

²⁵ Census 2000, Summary File 1, Tables P12, P21.

In Hamilton and most suburbs, the elderly account for a majority of all *non-family* households, i.e., one-person households and households of two or more unrelated people. As defined by the Census Bureau, non-family households include roommates and unmarried partners of the opposite sex or in same-sex relationships. In small towns, non-family households tend to be elderly people living alone and this appears to be true in Hamilton's area. Of all 18,495 non-family households in the sub-region, households of two or more unrelated people comprise about 18%, which is consistent with the national average. In Hamilton, however, the percentage of non-family households with two or more people under 64 years of age is unusually large – 36% – and this seems to be attributable to apartment sharing by graduate students at the Seminary. Unmarried partners comprise a fairly small percentage of all households – about 5.2% for the state as a whole – and in Hamilton, they represent 3.2%.²⁶

3.1.5 Labor Force, Education & Employment

Hamilton's labor force includes about 4,000 people. They tend to be highly educated and employed in high-wage occupations: professionals and managers in finance, science and technology, law, medicine, architecture, the arts, and business operations. The earnings gap between men and women in Hamilton is slightly larger than for the state as a whole, but the gap reflects the unusually high salaries earned by Hamilton's working men, not low salaries earned by its working women. In fact, women in Hamilton have significantly higher average earnings than women across the state or elsewhere in the Boston PMSA. Given the competitiveness of Hamilton's labor force, the local unemployment rate is usually quite low. In 2006, for example, 4.9% of the labor force statewide was unemployed while in Hamilton, unemployment hovered at a regionally low 3.4%.²⁷ In addition, Hamilton has a higher rate of self-employment (9.2%) than is the case statewide (6.4%), and while no published statistics are available for at-home employment, local officials and many business owners say that a large number of Hamilton residents work as home-based entrepreneurs or telecommuters.

According to the Massachusetts Office of Labor and Workforce Development, Hamilton's 227 employer establishments provide jobs to approximately 1,500 people. Service industries and government account for the vast majority of local employment, which is not surprising given the size and composition of Hamilton's commercial base. In the past 20 years, Hamilton has lost goods-producing jobs in construction and manufacturing, but a remarkable feature of its economy is the endurance of agricultural employment. Still, Hamilton's agricultural wages are very low compared to the Boston PMSA, in fact PMSA-wide wages for all types of jobs range from 1.7 to more than 3 times the wages paid for the same types of employment in Hamilton. Even though local wages have increased by 60% since the late 1980s, Hamilton has experienced a significantly lower rate of wage growth than the statewide increase of more than 100% or the Southern Essex region's increase

²⁶ Census 2000, Summary File 3, Tables PCT1-PCT2.

²⁷ Massachusetts Department of Revenue (DOR), Division of Local Services, "Labor Force and Unemployment Data, 1990-2004," Municipal Data Bank at <<http://www.dls.state.ma.us/mdm.htm>>.

of 82%. Beverly, Danvers and Boston provide Hamilton residents with higher-wage jobs that are unavailable to them in their own town.²⁸ Since the town's labor force is growing faster than its employment base, the jobs-to-labor-force ratio has declined from .38 two years ago to .36 today.²⁹ Hamilton does not offer many opportunities for residents to work locally, and the jobs that do exist pay wages that would make it difficult for single employees to live in the town.

3.1.6 Household Income

Hamilton's median household income of \$72,000 falls in the top quartile for the state as a whole. Table 8 shows that Hamilton's state rank for household income is lower than that of several neighboring communities, but state rank is deceptive because Hamilton's median income calculation includes graduate student households living in family apartments at Gordon-Conwell Seminary. Still, the town's state rank has dropped in the past 20 years, due not only to the construction of family apartments at the Seminary's South Hamilton campus but also to the effects of high-end suburban development along I-495, which has caused a gradual westward shift in population wealth throughout Eastern Massachusetts.

Table 8. Household and Family Incomes

Geography	Households	Median Income (\$)			
	w/ Income >\$200,000	Households	Rank	Families	Families w/ Children <18
Beverly	3.8%	53,984	178	66,486	68,002
Danvers	2.5%	58,779	137	70,565	74,436
Essex	4.6%	59,554	133	70,152	70,000
Gloucester	2.7%	47,722	251	58,459	55,431
HAMILTON	9.3%	72,000	62	79,886	93,871
Ipswich	6.4%	57,284	147	74,931	73,438
Manchester	13.0%	73,467	58	93,609	101,389
Newbury	5.9%	74,836	54	83,428	85,409
Rowley	4.3%	62,130	110	75,527	78,003
Topsfield	8.9%	96,430	16	104,475	108,257
Wenham	13.4%	90,524	22	98,004	108,668
Boston PMSA	4.7%	55,183	N/A	68,341	69,179

Source: Census 2000, Summary File 3, Tables P54, P77, PCT39. State ranks compiled by Massachusetts Department of Revenue.

Hamilton households are not equally well off even though overall, the town is quite affluent. Consistent with state and national demographic patterns, married couples with children under 18 are Hamilton's wealthiest households. Married couples with children have higher incomes than

²⁸ Hamilton Master Plan, 37.

²⁹ DOR, "Unemployment Rates 1990-2004," Municipal Data Bank.

families in general, without or without children under 18. In contrast, single parents without young children usually have higher incomes than single parents with children, and this tendency can be seen in Hamilton's region, where the family income gap is most pronounced among single women with children in all communities except Hamilton. Sub-regionally, there are 5,200 single-parent families headed by women, 52% with children under 18, a percentage comparable to that of the Boston PMSA.³⁰ Table 9 compares the median income of families by family type in Hamilton and neighboring communities.

Table 9. Median Family Income by Family Type

		Married	Family Householders: No Spouse Present			
		Couples w/ Children <18	No Children <18		With Children <18	
Geography	Families		Male	Female	Male	Female
Beverly	66,486	78,142	66,029	53,641	38,269	26,474
Danvers	70,565	83,705	56,944	36,071	40,526	34,097
Essex	70,152	82,247	11,058	63,125	35,179	16,000
Gloucester	58,459	66,221	47,132	45,734	31,927	17,774
HAMILTON	79,886	97,571	86,507	46,406	67,778	56,711
Ipswich	74,931	82,634	73,125	55,536	54,583	32,422
Manchester	93,609	106,169	14,659	52,500	175,667	39,219
Newbury	83,428	92,480	61,146	79,456	40,938	32,917
Rowley	75,527	88,795	61,250	55,313	65,357	22,917
Topsfield	104,475	110,595	151,260	78,127	N/A	67,604
Wenham	98,004	110,457	57,857	34,250	N/A	49,167
Boston PMSA	68,341	82,066	57,770	47,053	36,914	25,159

Source: Census 2000, Summary File 3 Table PCT-40. Household income not reported for male householders with children in Topsfield and Wenham.

Non-family households typically have much lower incomes than families, in part because so many non-family households are senior citizens living alone. There is a significant difference in the economic position of Hamilton's families and non-family households, but this is true region-wide. For the state as a whole, the median non-family household income is 59% of median household income (all households); in Hamilton, it is only 49%. However, the non-family income difference is more pronounced in some of Hamilton's neighboring towns, notably Wenham, where the median income of non-family households is only 24% of the median for all households, or Topsfield, 31%. To some extent, these differences run parallel to the substantially lower incomes of elderly households. In Newbury, Rowley and Topsfield, for example, the median household income for seniors over 75 years of age is 24-30% of the median for all households.³¹

³⁰ Census 2000, Summary File 1 Table P34.

³¹ Census 2000, Summary File 3 Table P56.

More than 20,000 of the region's 57,000 households have low or moderate incomes as these terms are used in a majority of housing assistance programs: their incomes are equal to or less than 80% of the median income of all households throughout the Boston area. Not surprisingly, the proportion of low- or moderate-income families is smaller: about one out of every four families in all 12 communities.³² In Hamilton, 22.4% of all families have incomes in the low or moderate range, which is similar to the regional average, but most of Hamilton's lower-income families appear to be concentrated in two areas: the Seminary, and Asbury Grove.

3.2 Housing Characteristics

Hamilton's residential land use pattern is interesting and it expresses the Town's evolution from an agricultural community to a suburb – a history that includes the development of vacation homes, the establishment of large estates, and an extended era of equestrian activity that forms a vital part of Hamilton's heritage. On the east side of town (generally east of Route 1A), Hamilton has many traditional suburban neighborhoods and tree-lined streets dotted with single-family homes. In contrast, farms and estates still define much of the west side of town. Overall, Hamilton's 2,825 housing units are comprised almost entirely of detached single-family homes. Like Topsfield, Hamilton has very little diversity of housing types even though its single-family homes vary to some extent in size, design, price and setting. The character of the town's housing stock helps to explain the prevalence of families in Hamilton and the limited number of rental opportunities. Town-wide, about 82% of all housing units are owner-occupied, but excluding Gordon-Conwell Seminary's student apartments, 89% of all housing units in Hamilton are owner-occupied and 11%, renter-occupied. When asked to comment on rental housing in Hamilton, a local realtor simply replied, "What rental housing?"

For most Hamilton residents, their home is a valuable asset. The town is in a very expensive market area where the median single-family sale price increased by 130-168% between the mid-1990s and 2003, including a 142% increase in Hamilton.³³ About 36% of the Hamilton's households moved into their current home as the market began to rebound from the recession of the early 1990s, and those who bought a new house after 1995 paid an average of \$625,000 for it.³⁴ Despite the high cost of a home in Hamilton, houses for sale move relatively fast compared to many North Shore towns. It is true that Hamilton's sale prices have declined somewhat since 2005 and homes for sale remain on the market longer, reflecting sluggish conditions in the regional housing market and tighter access to credit throughout the country. However, Hamilton remains a high-barrier community with expensive housing that exceeds what moderate- and median-income families can afford. According

³² HUD, "CHAS 2000 Data" and "Low and Moderate Income Estimates by Census Block Group, ."

³³ The Warren Group, "Free Market Statistics."

³⁴ *Ibid.*, and Hamilton Assessor's Office, "FY02 Parcel Records" in EXCEL file format; Census 2000, Summary File 3, Table QT-H7.

to the most recent *Greater Boston Housing Report Card*, Hamilton is barely affordable to its own homeowners, let alone non-local homebuyers seeking housing in Boston-area suburbs.³⁵

3.2.1 Housing Types

Single-family homes dominate Hamilton's housing stock, but the exceptions create visual distinction and offer a few options to those who cannot afford or do not want a single-family residence. Two-family and multi-family homes, including dwelling units in mixed-use buildings, account for about 30% of the homes in South Hamilton and some older, established neighborhoods off Asbury and Highland Streets. In addition, 8% of Hamilton's population lives in dormitory facilities at Gordon-Conwell Seminary. Hamilton also has a number of farms with a principal residence and agricultural outbuildings, and large parcels with two or more residential buildings, many of which are family estates. Table 10 compares the physical characteristics of homes in Hamilton, the sub-region and the Boston PMSA.

Table 10. Structural Characteristics of Housing Units

Geography	Total	Single-Family Detached	Single-Family, Attached	Two-Family	Multi-Family	Other
Beverly	16,275	8,450	411	1,774	5,612	28
Danvers	9,762	6,299	535	671	2,061	196
Essex	1,446	944	74	206	217	5
Gloucester	13,958	7,575	432	2,113	3,820	18
HAMILTON	2,825	2,358	59	125	276	7
Ipswich	5,601	3,723	315	374	1,171	18
Manchester	2,327	1,634	22	257	414	0
Newbury	2,816	2,444	46	111	192	23
Rowley	2,004	1,530	36	63	366	9
Topsfield	2,144	1,842	10	76	208	8
Wenham	1,320	1,040	35	65	180	0
Boston PMSA	1,377,707	631,958	58,667	180,366	495,873	10,843

Source: Census 2000, Summary File 3, Table H30.

About 46% of all housing units in the Boston PMSA are detached single-family homes, but the metropolitan area's profile includes a number of cities and small urban centers with higher-density residential land uses. In Hamilton's sub-region, single-family homes comprise 63% of all dwelling units; excluding the cities of Beverly and Gloucester, 72%. Newbury, Topsfield and Hamilton have the largest single-family home percentages and very few multi-family units, though Hamilton has a larger collection of two-family dwellings than Newbury or Topsfield.

³⁵ Heudorfer, Bonnie et al., *The Greater Boston Housing Report Card 2006-2007* (Northeastern University, Center for Urban and Regional Policy), 74.

Since single-family homes are so prevalent in Hamilton, their qualities are important to the visual character of the Town. New and older 20th century homes differ in terms of size, amenities, value and lot size. The average living area of most recently built homes in Hamilton is 3,750 ft², more than twice the size of homes built 50-60 years ago, which average 1,613 ft² of living area. The spread in property values is equally significant. Homes built since 1995 in Hamilton command an average assessed value of \$680,000, but the 300+ houses that were built during the 1930s and 1940s are assessed, on average, at \$185,000-\$225,000. These differences in building size and value go hand-in-hand with differences in amenities and lot size. New homes in Hamilton consist almost universally of 4-5 bedrooms and 2.5+ bathrooms, and they occupy parcels of 2.8 or more acres. The supply of homes built during the inter-war years is generally modest: 1.5 stories high, 2-3 bedrooms, .72 acres of land. In contrast, the housing that pre-dates 1900 is more like newer homes in terms of size and value. Assessments of \$800,000 to more than \$1 million are not uncommon in Hamilton's historic housing inventory; as a group, they are valued at \$335,000-\$445,000, with variations driven by the type of residence, its location and clearly, the size of the land parcel.³⁶

Hamilton has a very small base of rental housing and a strikingly low rental vacancy rate of 1.4%.³⁷ About 18% of the town's occupied housing units are leased to tenants, mainly in and adjacent to South Hamilton. In addition, 211 graduate student housing units at Gordon-Conwell Seminary qualify as separate living quarters under federal census terminology and they constitute 23% of Hamilton's entire rental housing inventory.³⁸ As in most communities, the average size of Hamilton's renter households is smaller than owner-occupant households – 2.48 compared to 2.95 persons – but the typical renter in Hamilton has a somewhat larger household than renters across the state (2.11 persons) or within Essex County (2.24 persons). The difference appears to stem from three conditions: Hamilton's smaller-than-usual base of elderly rental housing, the prevalence of single-family homes in Hamilton's renter-occupied housing inventory, and the size of apartments built for families at the Seminary.

3.2.2 Housing Market

Hamilton's desirability is evident in its low rental and homeownership vacancy rates, which suggest that properties for sale or rent in Hamilton move quickly and that the level of market demand surpasses the available supply of homes. Of the 157 vacant housing units that the Census Bureau identified in April 2000, 10 were for sale and another 11 had been sold but were not yet occupied. However, nearly 70% of the town's vacant units were for seasonal or vacation use. Very few homes were actually available for sale or rent, and for the most part this condition persists today despite weakening conditions throughout the regional housing market. The 81 homes sold in

³⁶ Hamilton Assessor's Office, FY02 Parcel Records.

³⁷ Census 2000, Summary File 3 Table DP-1.

³⁸ Bureau of the Census, American Housing Survey, Appendix A. Gordon-Conwell Seminary has six residence halls with 107 dormitory rooms (group quarters) and six apartment buildings with a combined total of 211 units of student housing (separate living quarters).

Hamilton last year commanded a median sale price of \$495,000, down 2.9% from 2005 yet still substantially above the Town's median sale price in 2000.³⁹ Table 11 reports changes in year-end housing sale prices in Hamilton and surrounding towns from 2000-2006.

Local realtors describe two tiers of home sales in Hamilton. Most of the available homes are either small houses on small lots in the south or southeast of town, or large, million-dollar mansions scattered throughout the north and east. Many of these grander homes offer at least 2,500 square feet of living area and amenities such as horse farms and barns. The small homes range in price from \$300,000 to \$500,000 while the larger mansions and estates sell for \$1,000,000 to \$2,000,000. Since Hamilton's zoning prohibits multi-family housing development, the Town offers virtually no townhouses or condominiums. Due to a limited supply of vacant developable land, Hamilton is attracting very little housing development. While new million-dollar houses are being built on large lots in scattered locations around town, Hamilton has not received a major subdivision application in recent years. According to the Department of Revenue, the total number of single-family home parcels in Hamilton has inched upward by only 1.8% in the past five fiscal years, yet the average single-family home value increased 68% in the same period.⁴⁰

Table 11. Median Single-Family Sale Prices, Hamilton Region, 2000-2006

Year	Beverly	Danvers	Essex	Gloucester	Hamilton	Ipswich
2006	\$375,000	\$375,500	\$515,000	\$350,000	\$495,000	\$440,000
2005	\$381,950	\$390,500	\$425,000	\$380,000	\$510,000	\$477,000
2004	\$375,000	\$371,000	\$490,000	\$365,000	\$479,500	\$455,000
2003	\$345,000	\$353,075	\$359,500	\$330,000	\$462,250	\$408,000
2002	\$316,000	\$309,500	\$361,100	\$299,900	\$383,000	\$344,000
2001	\$285,000	\$285,000	\$299,125	\$244,500	\$334,750	\$325,000
2000	\$243,000	\$250,000	\$271,600	\$217,000	\$380,000	\$299,000
Year	Manchester	Newbury	Rowley	Topsfield	Wenham	
2006	\$705,000	\$475,000	\$477,500	\$550,000	\$675,000	
2005	\$670,000	\$444,000	\$432,500	\$530,000	\$473,900	
2004	\$554,000	\$430,000	\$378,300	\$532,250	\$542,300	
2003	\$602,500	\$399,999	\$409,425	\$527,500	\$575,000	
2002	\$500,000	\$357,450	\$306,600	\$480,000	\$512,500	
2001	\$512,500	\$300,000	\$299,900	\$412,000	\$529,500	
2000	\$396,500	\$317,500	\$321,000	\$366,500	\$373,000	

Source: The Warren Group, "Town Stats."

Anecdotally, real estate agents report that most homebuyers in Hamilton are professionals and executives working in Boston or along Route 128, in search of exceptional public schools for their

³⁹ The Warren Group, "Free Market Statistics."

⁴⁰ Department of Revenue, Division of Local Services, Municipal Data Bank, "Average Single-Family Tax Bill," FY 2000-2003, FY 2004.

children. They tend to be relocating from within Hamilton, surrounding towns, or Boston's northern suburbs along Route 1 and 1A, and to a much lesser extent, from out-of-state due to job transfers. Federal census data confirm these impressions, for less than 22% of the Town's new population lived in another state before moving to Hamilton. Nearly all are "buy-up" homebuyers: established families seeking to trade up, and they focus their search on the larger homes. The sellers are often older, established families, also in a buy-up mode, or Baby Boomers reaching retirement age and planning to downsize or relocate to a warmer climate. There are not many opportunities for retirees to downsize in Hamilton.

Younger families and couples tend to seek out smaller homes in the older subdivisions on the south and southeast sides of town. These homes offer an opportunity to purchase an older, affordably priced home that increases significantly in value with investment in renovations, an addition or modernization. Several years of building permit data analyzed for the master plan show that for every new single-family home permit issued in Hamilton since 1997, there have been 7-9 permits for substantial home improvement projects: expansions, second-story additions, garage and accessory-structure conversions to additional living space, and major investments in remodeling.⁴¹ Both new-home construction and re-investment in residential properties have contributed to the substantial increase in Hamilton's single-family home values over the past five years.⁴²

3.2.3 Rental Housing

Statistical and anecdotal sources show that Hamilton has very few apartments. The only units developed for rental occupancy are owned by the Hamilton Housing Authority and Gordon-Conwell Seminary, but each has restrictions. By state law and funding source regulations, the Housing Authority is required to rent public housing units to low-income people and in Hamilton's case, most of the Housing Authority's units are further restricted to occupancy by the elderly and persons with disabilities. The Gordon-Conwell Seminary owns and operates 211 apartments and 6 dormitories on its campus south of Bridge Street. The apartments are spread throughout six buildings and consist of 17 studios, 102 one-bedroom, 78 two-bedroom and 14 three-bedroom units. The dormitories have a total of 158 beds in single- and double-bed rooms. According to a spokesman for Gordon-Conwell, the Seminary's apartments are limited to students and faculty of the school and cannot be occupied by unmarried members of the opposite sex. The waiting list for units is long and many students live in off-campus housing. The residential buildings, along with most structures on campus, were funded through the institution's capital accounts and donations.⁴³

⁴¹ Data from Hamilton Building Department, monthly lists of building permits issued by the Hamilton Building Inspector, 1997-2001.

⁴² Mass. Department of Revenue, Municipal Data Bank, "Average Single-Family Tax Bill," available at <<http://www.massdor.gov/>>.

⁴³ Deanna Tetreault, Housing Coordinator, Gordon-Conwell Seminary, interviewed by Joshua Mello, Community Opportunities Group, Inc., 17 November 2004. See also, Gordon-Conwell Theological Seminary, <<http://http://www.gordonconwell.edu/studentlife/>>.

Excluding the 278 use-restricted apartments owned by the Housing Authority and Gordon-Conwell, Hamilton has about 200 renter-occupied housing units and according to census data, 58% are detached single-family homes. Since single-family homes are rarely held as rental properties for an extended period of time, these units may not be available for rent in the future, although some appear to be guest homes or carriage houses on the estates. Another source of rental housing is the Town's small inventory of two-family homes, which are scattered almost invisibly throughout the town, though somewhat concentrated in downtown neighborhoods.

Local officials say that Hamilton also has a number of illegal apartments, such as accessory units created without a permit. When the federal census was conducted in April 2000, nine market-rate housing units with an average of two rooms per unit were available for rent in Hamilton, all with asking rents of about \$1,000.⁴⁴ Today, realtors say that since the Town effectively offers no rental housing, very few apartment seekers look for a place to live in Hamilton. When units become available, they are often "advertised" on a word-of-mouth basis or more formally, in a local or North Shore regional newspaper. The estimated monthly rent for a one-bedroom apartment in Hamilton is \$1,000-\$1,200 and for a two-bedroom unit, \$1,150-\$1,300, including heat and hot water.⁴⁵

3.2.4 Asbury Grove

Hamilton has a unique residential compound known as Asbury Grove. Located at the intersection of Asbury and Highland Streets, Asbury Grove is a self-described religious community that began as a Methodist campground in the 19th century. It consists of several shared public-use buildings including a chapel, tabernacle, library, thrift shop and meeting hall, and housing units. There are 154 privately-owned cottages within the Asbury Grove grounds: 63 year-round and 91 seasonal cottages. The seasonal cottages are limited to occupancy between April 15 and November 1 of each year due to community restrictions and water supply pipes which lie above the frost line.

The land below each cottage is leased from the Asbury Camp Meeting Corporation. Buyers purchase only the structures, which are sold by each owner at market value. According to the corporation's web site, the average asking price for year-round cottages is \$250,000 and \$15,000 for seasonal cottages. Each prospective cottage owner is required to complete a "Purchase Agreement and Lease Request Form." The form requires potential buyers to disclose their occupation and religious affiliation, and to submit a letter from their clergy affirming religious activity. In addition, all buyers must meet with the Admissions Committee and be approved for a land lease before the

⁴⁴ Census 2000, Summary File 3, Table H59.

⁴⁵ Estimated rents based on a survey of units for rent in Hamilton and adjacent towns, as advertised in the Salem News and Gloucester Daily Times, November 2004.

purchase takes place, and potential renters must complete an application and meet with the Admissions Committee prior to lease and occupancy.⁴⁶

Asbury Grove is currently operating under an Administrative Consent Order (ACO) with the Massachusetts Department of Environmental Protection (DEP). The order requires the owners of Asbury Grove to upgrade all year-round cottage septic systems by 2005 and all seasonal cottage septic systems by 2007.

3.3 Housing Affordability

3.3.1 Chapter 40B

Most housing assistance programs define “affordable housing” as homes that are priced for purchase or rent by lower-income households and protected by a deed restriction that preserves long-term affordability. Hamilton has 90 units of housing that qualify as “affordable” under the state’s comprehensive permit law, Chapter 40B. The Hamilton Housing Authority owns and operates 69 public housing units, including 40 one-bedroom apartments for the elderly, a 12-room congregate facility for disabled individuals, and scattered-site family units. The five elderly buildings and congregate facility are located on Railroad and Rust streets in South Hamilton, within walking distance of the downtown area and commuter rail station. The family rental units are on Central and Harris avenues and Union Street, adjacent to Asbury Grove. The other Chapter 40B units in Hamilton are in two homeownership developments, including the Town’s most recent comprehensive permit project, Carriage House Junction.

Hamilton’s 90 Chapter 40B units represent 3.3% of the town’s year-round homes. Today, 9.5% of all houses and apartments in Massachusetts meet the statutory definition of “low- and moderate-income housing,” yet less than 50 of the state’s 351 communities have produced enough affordable housing to meet or exceed the 10% target. While cities still dominate the Subsidized Housing Inventory, suburbs and small towns comprise nearly half of the communities that currently exceed 10%. Many are located along or adjacent to I-495, where most of the Commonwealth’s new growth occurred during the 1990s. Table 12 shows that in Hamilton’s area, Beverly and Danvers exceed 10% while Topsfield and Wenham are very close. For the nine communities that do not meet the statutory 10% minimum, the combined regional shortfall is 1,151, including 182 in Hamilton.

If Hamilton were to “build out” to the capacity estimated in a statewide buildout study published four years ago – an additional 1,345 single-family homes with no provision for affordable housing – Hamilton’s existing Chapter 40B shortfall would increase to about 330 units. To accommodate them, however, Hamilton may absorb between 650-1,350 homes in addition to its projected build-out under current zoning. Chapter 40B requires developments to include at least 25% low- and

⁴⁶ Asbury Camp Meeting Corporation. Asbury Grove Methodist Campground Asbury Grove Methodist Camp Meeting - South Hamilton, Massachusetts. <<http://www.asburygrove.org/>>, and Alan Hezekiah, cottage owner, 15 November 2004.

moderate-income housing units, or at least one affordable unit for every three market-rate units. For homebuyer developments, Chapter 40B currently recognizes just the affordable units.⁴⁷

Table 12: Chapter 40B Subsidized Housing Inventory

Community	Total Units in Chapter 40B Developments	Eligible Chapter 40B Units	2000 Census Year- Round Units	Percent Subsidized Housing	Chapter 40B Gap (Excess/ Deficit)
Beverly	1,898	1,859	16,150	11.5%	244
Danvers	937	1,007	9,712	10.4%	36
Essex	40	40	1,357	2.9%	-96
Gloucester	1,040	1,032	12,997	7.9%	-268
HAMILTON	124	90	2,717	3.3%	-182
Ipswich	468	444	5,414	8.2%	-97
Manchester	105	105	2,219	4.7%	-117
Newbury	94	94	2,614	3.6%	-167
Rowley	118	88	1,985	4.4%	-111
Topsfield	132	114	2,126	5.4%	-99
Wenham	169	116	1,310	8.9%	-15

Source: DHCD, *Subsidized Housing Inventory*, October 2007.

Property assessment data and the federal census suggest that despite Hamilton's shortfall of Chapter 40B units, the Town has a few unrestricted housing units that low- or moderate-income people could afford to purchase or rent. However, Hamilton is losing the limited affordability it once had, in part because most of the Town's affordable housing is not protected from conversion to higher-end, market-rate units. In addition, Hamilton's supply of "guaranteed" or deed-restricted affordable units has barely increased. As a result, the Town has had no mechanisms to replace unsubsidized housing that was nonetheless affordable. If the supply of informally affordable housing continues to decline, Hamilton will continue to evolve as a socially and economically homogenous community.

3.3.2 Other Measures of Affordability

Housing policy analysts do not measure affordable housing need on the basis of a fixed 10% standard. A home is considered affordable to lower-income people if their monthly housing costs – a mortgage payment, property taxes, and house insurance, or rent and utilities – do not exceed 30% of their monthly gross income. Under this definition, "affordable housing need" exists when households pay more than 30% of their gross income for housing costs, i.e., they are "housing-cost

⁴⁷ In 2003, the General Court considered a bill that would allow communities to "double-count" affordable units in a homeownership development, pursuant to recommendations of Governor Romney's Chapter 40B Task Force (June 1, 2003). While the bill was approved in the House, it never went forward in the Senate. If it becomes law in the future, each affordable unit in a comprehensive permit homeownership development would translate into *two* units added to the Chapter 40B Subsidized Housing Inventory.

burdened.” According to federal census data, 23.4% of all homeowners in the Boston metropolitan area and 23.3% in Hamilton are housing-cost burdened. However, the condition is more pronounced among renters. In the Boston area, 36.9% of all renter households pay more than 30% of their monthly income for rent and utilities; in Hamilton, this applies to 30.1% of all renters. The difference is due primarily to the below-market rents paid by students living at Gordon-Conwell Seminary and the comparatively large percentage of the Town’s remaining rental inventory that is owned by the Housing Authority. Table 13 reports the incidence of rental housing cost burden in Hamilton’s sub-region.

Geography	Total	% Cost Burdened Renters				
	Renter Households	All Renters	Low-Income	Moderate-Income	Elderly (Over 65)	Young (Age 15-34)
Beverly	6,293	34.5%	72.3%	53.6%	49.3%	28.0%
Danvers	2,184	31.9%	77.4%	54.8%	55.5%	25.3%
Essex	397	29.9%	69.2%	41.5%	56.2%	0.0%
Gloucester	5,069	37.1%	77.7%	48.7%	45.2%	36.6%
HAMILTON	481	30.1%	89.0%	21.4%	20.4%	33.2%
Ipswich	1,436	37.3%	66.5%	47.9%	45.1%	28.8%
Manchester	633	45.9%	76.3%	86.3%	67.0%	34.6%
Newbury	489	48.9%	88.2%	30.1%	61.0%	38.0%
Rowley	451	35.7%	70.9%	63.6%	50.5%	38.7%
Topsfield	234	22.7%	52.9%	15.6%	24.7%	31.6%
Wenham	187	44.7%	68.0%	14.7%	51.0%	0.0%
Boston PMSA	542,834	39.3%	74.1%	61.0%	51.3%	36.8%

Source: Census 2000, Summary File 3, Tables H69, H71, H73. In many cases, elderly renters are also low- or moderate-income renters.

3.3.3 Housing Affordability Gap

In a competitive real estate market like Hamilton’s, the cost of housing creates a significant challenge for low-income people. The income limits that determine “low and moderate income” vary by household size and metropolitan area, but generally a household is considered low-income if its annual income is equal to or less than 50% of area median income (AMI), and moderate-income with an income of 51-80% (AMI). However, many homes in Hamilton are unaffordable to median-income families as well. The maximum affordable purchase price for a homebuyer at Hamilton’s Census 2000 median household income would have been \$265,680, but in 2000 when the federal census was conducted, the town’s median single-family home sale price was \$380,000.⁴⁸ The difference between a community’s actual median sale price and the price that a homebuyer can afford is known as an “affordability gap,” and in 2000, Hamilton’s was \$114,320. At the time, about

⁴⁸ The affordable purchase price assumes a 30-year, fixed-rate mortgage at 6.00% with a 5% downpayment, and 30% of monthly gross income available for principal, interest, taxes and insurance.

60% of Hamilton's households lived in homes they would not have been able to purchase if they had been first-time homebuyers.⁴⁹ Moreover, the town's 2000 median sale price was more than double the maximum purchase price affordable to households throughout the Boston metropolitan area or Essex County.

Hamilton is hardly the only town in the region with affordability barriers. There is a significant difference between the median sale price and the affordable purchase price for households in Manchester, Ipswich and Rowley as well. For low- and moderate-income households, the obstacles are much greater and far more difficult to solve. For a Boston-area family of four with annual earnings of \$66,150, the maximum affordable purchase price is approximately \$195,000, but a November 2004 survey of houses and condominiums for sale in Hamilton and surrounding communities produced no single-family home or condominium listings at or below \$195,000. Furthermore, there are currently no Chapter 40B affordable homeownership units for sale anywhere in the sub-region.⁵⁰ According to the Subsidized Housing Inventory, there are only 44 affordable first-time homebuyer units in all 11 communities combined. Since older rental units comprise the vast majority of the sub-region's Chapter 40B housing, homeownership opportunities are scarce. It is little wonder that Hamilton and most neighboring towns have so few young (under 34) households. The only community that approximates the state's 21% average for under-34 households is the city of Beverly, at 18%.

Even though mixed-income homeownership developments do not increase a community's Subsidized Housing Inventory as rapidly as rental developments, several factors still make homeownership more palatable in suburbs. For example, marketing considerations often make homeownership projects smaller to begin with, and it is usually easier to negotiate for fewer units. Also, homeownership units tend to recycle less rapidly than rental units and this reinforces the perception that homeowners are more stable and more invested in their communities. Community preferences, developer capacity, land prices and limited access to housing subsidies mean that the most difficult needs to meet are not among moderate-income homebuyers but rather, low- and very-low-income renters: a four-person family with an income of no more than \$41,350 or, more commonly, one- or two-person household with income below \$20,000.

In the 1980s, the state began to reduce spending on elderly apartments, in part because local housing authorities could not obtain any support in their communities for family units. Since the need for family housing was so great, DHCD often approved capital grants for senior housing on the condition that housing authorities would develop family units as well. In some communities, the elderly units went forward but the family units were delayed for many years because of conflicts with neighborhoods and resistance from local officials. The recession of the early 1990s and a change in administration resulted in deep cutbacks or the outright elimination of public housing (new construction) programs. Investments in new rental housing for very-low-income people have never recovered at the state or federal level, and funding for Section 8 vouchers has

⁴⁹ Statistics calculated from data in Table HCT-11, Summary File 3 Census 2000.

⁵⁰ Department of Housing and Community Development, "Affordable Homes for Sale," November 2004.

failed to keep pace with need. Over time, rental production in Massachusetts has become dominated by national developers with enough staying power to pursue appeals to the Housing Appeals Committee or withstand abutter appeals in court. The absence of adequate public subsidy means that in most cases, no more than 25% of the apartments in for-profit developments are actually affordable to moderate-income people. The effects of declining production and an emphasis on market-rate units can be seen in rising numbers of elderly and non-elderly low-income renters with *severe* housing cost burdens: households paying more than 50% of their income on rent and utilities. In Hamilton and virtually every community nearby, more than half of all renter households with severe housing cost burdens are small, non-elderly families with low and very-low incomes.⁵¹

3.3.4 Affordability Mismatch

Lower-priced units sometimes fill a void between high-end homes and subsidized housing. However, homes with below-market values due to their age, condition and location are not the same as homes made affordable by public or private subsidies and restricted for occupancy by low- and moderate-income people. In many communities, below-market homeownership and rental units do not necessarily house families with lower incomes and as a result, there is no guarantee that the units actually address low- and moderate-income housing needs. Units eligible for the Subsidized Housing Inventory are both affordable *and* occupancy restricted; ineligible units may be affordable relative to the market, but without occupancy restrictions, they often provide low-cost housing for people who can afford to pay more.

An “affordability mismatch” occurs when homes affordable to households in a given income range actually house people with higher or lower incomes. Throughout the Commonwealth, in Hamilton and all surrounding communities, the total number of units affordable to lower-income households significantly exceeds the number of units on the Chapter 40B Subsidized Housing Inventory, yet low- and moderate-income households remain housing cost burdened. This is because a majority of the units affordable to them are actually occupied by others. In Hamilton, this condition applies to 40% of all owner- and renter-occupied units that would be affordable to low- or moderate-income people. Unfortunately, non-restricted affordable units are often the source of housing quality problems: general deterioration, lead paint, code violations, or overcrowding. Rental units affordable to very-low-income people tend to be old, which makes them high-risk for lead paint hazards, and substandard due to overcrowding or outdated plumbing, heating or kitchen facilities. In Hamilton, 68% of the rental units affordable to very-low and low-income households were built prior to 1970.⁵²

⁵¹ HUD, CHAS 2000 Data. “Very low income” refers to households with incomes at or below 30% AMI.

⁵² HUD, “Affordability Mismatch Series,” CHAS 2000 Data.

3.4 Housing Challenges

A survey conducted by the Master Plan Committee in 2002 gave convincing proof that Hamilton residents do not want more residential development in their town. New growth has affected Hamilton, yet the Town did not absorb many new homes during the 1990s: about 154, or roughly two-thirds the number built in the previous decade. Since Hamilton allows only one type of housing, nearly all of its new households are families. Recurring conflicts over school spending are largely rooted in the make-up of Hamilton's housing stock and the lack of other land uses that could fill the revenue gap.

It will be difficult for Hamilton to increase its Subsidized Housing Inventory because local officials and residents have conflicted views of affordable housing. Like many small suburbs, Hamilton associates affordable housing with high-density development. Despite Hamilton's perception of affordable housing, however, the town does not have large, dense Chapter 40B developments. In addition, very few housing units (90) meet the statutory definition of low-income housing because Hamilton has received only a few comprehensive permit applications since Chapter 40B was enacted in 1969. Another obstacle to reaching the state's 10% goal is Hamilton's limited infrastructure. Still, if the Town takes no steps to address affordable housing, it will eventually face the same contentious situation that many other communities have had to confront: a Chapter 40B development on land ill-suited for higher-density use.

Housing is a major public policy issue in Massachusetts because home prices have skyrocketed and vacancies are very low. During the 1990s, the median single-family home sale price in Hamilton increased by 98% and its homeowner vacancy rate fell to less than .5%. The shortage and high cost of housing everywhere have affected the Commonwealth's attractiveness to employers and placed the diversity of its economic base at risk. In addition, suburban zoning and market preferences favor spacious houses on large lots that consume significant amounts of forested and open land. While the resulting problems of "sprawl" are widely recognized, many communities remain hesitant to change their zoning or tackle complex housing issues because they fear the environmental and fiscal consequences of growth. Since 99% of Hamilton is zoned for residential development, housing will have an indelible impact on the Town's future.

3.4.1 Regulatory Barriers

Hamilton's zoning regulations prohibit multi-family housing and require a large amount of land for new single-family homes. These policies have been in place since Hamilton adopted its first zoning bylaw in 1954, but town meeting approved more restrictive development controls on vacant land in the late 1960s and has since expanded the boundaries of the largest-lot zoning district (R-A).

- ♦ Hamilton offers very little housing choice, particularly to senior citizens. To protect its elderly homeowners from economic displacement, the town needs to make elderly housing development realistic and attractive to qualified developers. The existing "floating zone"

bylaw has some unworkable features and unless it is amended, it will not accomplish what local officials intended when the bylaw was adopted in the 1980s.

- ◆ Hamilton does not allow residential units above the ground floor of commercial buildings in the downtown area, but commercial accessory dwelling units could be advantageous to the Town and commercial property owners. Multi-family reuse options in downtown neighborhoods could also reduce some of the development pressure on outlying land, particularly if paired with a Transfer-of-Development Rights (TDR) bylaw that allows developers to purchase development rights from outlying land owners and apply them in the downtown area. Some local officials have expressed interest in “Smart Growth” strategies to create more affordable housing, but existing zoning does not encourage Smart Growth investments in Downtown Hamilton or adjacent neighborhoods – the only areas in Hamilton with walkable access to goods, services and public transportation.

3.4.2 Community Facilities & Services

- ◆ Although public water service is available in most of Hamilton, the Town does not have a municipal wastewater disposal system and treatment facility. Higher-density developments have been built in many communities without public sewer service, but it is a more difficult and expensive proposition. Hamilton also experiences water shortages in the summer and the distribution system has pressure problems that are partially attributable to demand that exceeds supply, and partially to inadequate storage facilities. The Town’s ability to develop new supplies is complicated because Hamilton lies within two watersheds. Among state, regional and local policymakers, there are significant concerns about the environmental impacts of increasing the amount of water withdrawn from the Ipswich River Watershed.
- ◆ A substantial amount of Hamilton’s vacant land is owned by the Conservation Commission, non-profit conservation organizations and land trusts, or private land owners who granted conservation restrictions to the town or conservation groups. While removing so much property from the developable land inventory has served Hamilton’s conservation objectives, the same condition makes it more difficult to provide affordable housing.
- ◆ The Hamilton-Wenham Regional School District has virtually no space for more elementary students, particularly in Wenham’s Buker School. The impact of recent population growth among pre-school and early primary-age children has been felt in the regional schools, for elementary (K-5) enrollments increased by more than 30% from 1990-2000 and led to a similar rate of middle school enrollment growth from 1996-2005. While the middle and high school buildings have capacity to absorb enrollment growth, higher enrollments generated by population increases in Hamilton and Wenham may require school officials to reduce the number of School Choice students they accept and lose the revenue these students bring to support the district’s operations.
- ◆ Although Hamilton is relatively affluent, its average single-family tax bill as a percentage of homeowner household income is very high and its community service expenditures per capita

are fairly low. The Town is working to institute improved fiscal policy, revenue forecasting and capital planning methods, but managing change is difficult for all small towns, particularly those with an open town meeting form of government.

3.4.3 State Policy

- ◆ Since 2002, the Planned Production regulations have required a community to increase its Chapter 40B Inventory by .75 of 1% of the community's year-round housing base. In Hamilton, this means at least 20 new low- and moderate-income units per year. The Romney Administration's Chapter 40B Task Force recommended reducing the minimum requirement to .50 of 1% per year, but this proposal was never approved by the legislature. For small towns experiencing relatively little new growth and considerable tension over Chapter 40B, reducing the minimum threshold could increase the probability of Planned Production success. DHCD recognizes this and has recently proposed to reduce the minimum requirement as part of a comprehensive update of the Chapter 40B regulations (not by amendment to the statute). For Hamilton, the reduced threshold would allow the Town to be eligible for housing plan certification by producing new Chapter 40B units at a rate of about 14 per year, a pace much closer to Hamilton's recent housing growth rate.
- ◆ Under DHCD's "large-scale" project regulation, the maximum size of a project that can be submitted to the Board of Appeals is 200 units *unless* the Town agrees to consider a larger development. Though enormous to Hamilton residents, a 200-unit cap may discourage rental developers. The most significant housing need in Hamilton's region is rental units for families, the elderly and people with disabilities. Hamilton may be able to attract smaller rental developments by working with non-profit housing organizations, but these projects are complicated and often, they require multiple sources of financing and low- or no-cost land.
- ◆ Chapter 40R seeks to spur new housing development by offering financial incentives to communities that adopt high-density zoning regulations and approve new mixed-income units. The law provides for two one-time, non-recurring payments: the first made to the community when a Chapter 40R zoning district is adopted, and a second upon issuance of building permits for units approved in the district. Recently the legislature enacted a companion provision, Chapter 40S, which commits extra state aid for Chapter 40R-related service costs that are not covered by development-generated revenue. The combined benefits of Chapters 40R/40S could be attractive to communities seeking ways to offset the cost of community services, but the density standards for Chapter 40R districts may be too high for small towns like Hamilton.

3.4.4 Local Policy & Local Capacity

- ◆ Suburban tensions about Chapter 40B often lead communities to focus more effort on reaching the 10% statutory minimum than addressing housing needs. Unfortunately, comprehensive permits produce housing that qualifies for the Subsidized Housing Inventory, but they do not guarantee housing that is affordable to people who need it. Municipalities can influence the

price structure of affordable units in Chapter 40B developments, but they have to be open to trade-offs, including higher density.

- ◆ Hamilton does not have much experience with affordable housing and its housing partnership is a fairly new organization. To work effectively with Chapter 40B, the Town needs to institute procedures for working with developers from the initial (pre-site approval) meeting through the comprehensive permit process, and town boards need a shared understanding of their roles and responsibilities. The Planning Board has adopted a comprehensive permit policy in an attempt to clarify its goals, but the policy is unrealistic and it needs to be revisited. It also needs buy-in from the Board of Selectmen and Housing Partnership. The Housing Partnership should lead an all-boards process to review and improve the existing policy statement.
- ◆ Hamilton does not have a local non-profit development corporation or a working relationship with regional housing service providers. Since the state has effectively stopped financing new public housing units, the Hamilton Housing Authority cannot meet all of Hamilton's housing needs, and by law the authority is limited to building and managing low-income rental housing. For a small suburb, Hamilton's lack of affordable homeownership units is striking. The Town needs ways to encourage more affordable homeownership units, particularly since mixed-income homeownership developments can often be built at a small scale that is compatible with established neighborhoods.
- ◆ There seems to be considerable misinformation in Hamilton about the impacts of affordable housing and the Town's obligations under Chapter 40B. The Housing Partnership and Board of Selectmen could help to increase resident knowledge and reduce attitudinal barriers by conducting public education activities from time to time. The Town has a web site and possibly it could be used to host a web page on affordable housing, including case studies of local initiatives carried out in other affluent communities in Massachusetts. Small towns such as Lincoln, Boxford, Topsfield, Bolton, Harvard and Boxborough have managed to overcome some of their resident opposition to affordable housing with public education programs, town-sponsored affordable housing developments and building the capacity of town government to work with developers. DHCD, the Massachusetts Housing Partnership, Citizens Housing and Planning Association (CHAPA) and other organizations also sponsor Chapter 40B training programs and it would benefit Hamilton if more local officials attended these workshops.
- ◆ Local officials have expressed interest in making the student apartments at Gordon-Conwell eligible for listing on the Subsidized Housing Inventory. Gordon-Conwell has enough apartments to fill Hamilton's Chapter 40B gap, but the units are restricted for occupancy by students and faculty. Furthermore, as units accessory to an educational use, the apartments fall under the educational use exemption in Section 3 of M.G.L. c.40A. If they were converted to "open" rental units, they would not comply with Hamilton's current zoning, and since the apartments already exist, it would be difficult to convert them to Chapter 40B units by means of a comprehensive permit. Communities can use the Local Initiative Program (LIP) to create affordable units by placing deed restrictions on existing dwelling units, but the use has to comply with local zoning or be authorized by a variance from the Board of Appeals.

- ◆ Similarly, the homes and cottages at Asbury Grove are affiliated with an organized religious group and they cannot be sold or rented without approval of the Asbury Grove's Admissions Committee. If these limitations were removed, Asbury Grove may be able to provide a considerable number of homes eligible for the Subsidized Housing Inventory, but the owners would have to agree to resale price restrictions and their units would have to meet all current code requirements. Ownership, occupancy and code factors will make it very difficult to convert Asbury Grove to an affordable housing community that qualifies under Chapter 40B regulations. Any effort toward this end will require assistance from a housing development consultant with prior experience in converting existing housing to limited equity cooperatives or tenant-owned housing, wastewater disposal solutions that are financially feasible and acceptable to DEP, and subsidies to correct building and Sanitary Code violations where they exist. While creative, strategies to make existing homes qualify as permanently affordable housing are very complicated and without adequate local capacity, they are unlikely to succeed. If Hamilton wants to offer affordable housing choices and make progress toward the 10% statutory minimum under Chapter 40B, the Town needs several ways to accomplish these ends. A toolbox with only one technique will fail.

4. APPENDIX

- A: DHCD Smart Growth Guidelines for Chapter 40B Project Eligibility (October 10, 2005)
- B: Lottery Procedures for Town-Initiated Affordable Units
- C: Communities with Subsidized Housing Inventories at or above 8%
- D: Selected Bibliography
- E: Financial Resources for Affordable Housing
- F: Suggested RFP/Scope of Services: Housing Coordinator

APPENDIX A

Guidelines for Project Consistency with the Commonwealth's Sustainable Development Principles⁵³

In creating the Office for Commonwealth Development, Governor Romney established a framework to insure a strong economic future for the state and a high quality of life for its residents by undertaking a comprehensive approach to housing and community investment in a way that respects landscape and natural resources. The administration believes that sustainable development can and should take place in all communities. To be successful, our investments must bring the housing market into equilibrium and enable the state to attract new businesses while making strategic land use choices. In order to achieve our housing and community development goals, we rely on our strategic partners to develop projects that enable us to optimize our limited natural and financial resources. The administration created 10 Principles of Sustainable Development as a way to articulate and describe this vision to our strategic partners and to guide our investment decisions.

Accordingly, projects proposed by sponsors seeking funding from DHCD's housing and community development programs,⁵⁴ financing from MassHousing, MHP, MassDevelopment or CEDAC or seeking a c. 40B determination of project eligibility from a subsidizing agency must be consistent with the Principles of Sustainable Development in the manner described below. New development will ideally utilize existing infrastructure and be located near transit, in or around downtowns, village centers, areas of concentrated development or destinations of frequent use. If the project is not in one of these preferred locations, it must offer some other features, such as land protection, enhanced energy efficiency, context sensitive site design and/or be consistent with a regional strategy, that taken together, increases the sustainability of the development. Each proposal will be evaluated for competitiveness in the context of site design and appropriateness of location.

Funding agencies and the issuers of determinations of project eligibility will use the following methodology in order to determine whether a proposed project is consistent with the Principles. A project must either:

1. Be consistent with the Sustainable Development principle of Redevelop First, which is defined as:
 - a. A housing or community development project involves the rehabilitation, redevelopment or improvements to vacant or occupied existing structures or infrastructure, or contributes to the revitalization of a town center or neighborhood;

⁵³ Reprinted; see DHCD "Smart Growth Guidelines" at [Planning and Housing Development Toolkit](http://www.mass.gov/dhcd/ToolKit/default.htm), <<http://www.mass.gov/dhcd/ToolKit/default.htm>>.

⁵⁴ The Affordable Housing Trust Fund, HOME, Housing Stabilization Fund, Federal and State Low Income Housing Tax Credits, Commercial Area Transit Node Program, CDBG and CDAG.

b. A new construction housing project contributes to the revitalization of a town center or neighborhood and/or the project is walkable to transit, the downtown, a village center, a school, library, retail, services or employment or in a municipally-approved growth center.

or

2. Be consistent with at least five (5) of the following Sustainable Development Principles. For projects that involve new construction (except housing projects that meet the Redevelop First principle above), one of the five (5) must be either Concentrate Development or Restore and Enhance the Environment.

If a housing project is sited on municipally owned or municipally donated land, or is a municipally supported project as evidenced by a letter from the chief elected official at the point of Determination of Site Eligibility or application for funding, only four (4) rather than five (5) of the Sustainable Development Principles will need to be met.

Each Principle is listed below with examples of ways projects could meet the individual Principles. Projects need to satisfy only one of the examples, not all those listed; other ways to satisfy the Principles will also be considered.

Concentrate Development (examples of ways projects could satisfy this include):

- The project is at a higher density than the surrounding area.
- The project mixes uses or adds new uses to an existing neighborhood.
- The project produces multi-family housing.
- The project is infill development.
- The project utilizes existing water and/or sewer infrastructure.
- The project is compact and/or clustered so as to preserve undeveloped land.

Restore and Enhance the Environment (examples of ways projects could satisfy this include):

- The project involves the creation or preservation of open space or recreational facilities.
- The project protects sensitive land and/or resources from development.
- The project involves environmental remediation or clean up.
- The project is part of the response to a state or federal mandate (e.g., clean drinking water, drainage).
- The project eliminates/reduces neighborhood blight.
- The project addresses a public health and safety risk.
- The project significantly enhances an existing community or neighborhood by restoring an historic landscape.

Be Fair (examples of ways projects could satisfy this include):

- The project involves a concerted public participation effort (beyond the minimally required public hearing), including the involvement of community members, residents of the development and/or key stakeholders in the planning and design of the project.
- The project involves a streamlined permitting process, such as 40B or 40R
- The project conforms to Universal Design standards and/or incorporates features that allow for “visitability.”
- The project creates affordable housing in a neighborhood or community whose residents are predominantly middle to upper income and/or meets a regional need.
- The project targets a high-poverty area and makes available affordable homeownership and rental opportunities.
- The project promotes diversity and social equity and improves the neighborhood.

Conserve Resources (examples of ways projects could satisfy this include):

- The project complies with EPA’s Energy Star guidelines, in addition to those required by code.
- The project uses energy efficient technologies, recycled and/or non-/low-toxic materials, exceeds energy codes and otherwise results in waste reduction and conservation of resources.
- The project uses alternative technologies for water and/or wastewater treatment that result in land or water conservation

Expand Housing Opportunities (examples of ways projects could satisfy this include):

- The project increases the number of rental units available to residents of the Commonwealth, including low- or moderate-income households.
- The project increases the number of homeownership units available to residents of the Commonwealth, including low- or moderate-income households.
- The project increases the number of housing options for special needs and disabled populations.
- The project expands the term of affordability

Provide Transportation Choice (examples of ways projects could satisfy this include):

- The project is walkable to public transportation.
- The project reduces dependence on private automobiles (e.g., provides previously unavailable shared transportation (such as zip car or shuttle buses).
- The project reduces dependence on automobiles by providing increased pedestrian and bicycle access.
- For rural areas, the project is located in close proximity (i.e., approximately 1 mile) to a transportation corridor that provides access to employment centers, retail/ commercial centers, civic or cultural destinations.

Increase Job Opportunities (examples of ways projects could satisfy this include):

- The project creates or retains permanent jobs.
- The project creates or retains permanent jobs for low- or moderate-income persons.
- The project locates jobs near housing, service or transit.
- The project creates housing near an employment center

Foster Sustainable Businesses (examples of ways projects could satisfy this include):

- The project supports natural resource-based businesses, such as farming, forestry, or aquaculture.
- The project reuses or recycles materials from a local or regional industry's waste stream.
- The project involves the manufacture of resource-efficient materials, such as recycled or low-toxicity materials.
- The project supports businesses which utilize locally produced resources such as locally harvested wood or agricultural products.

Plan Regionally (examples of ways projects could satisfy this include):

- The project is consistent with a municipally supported regional plan that identifies sub region, area or location, and the number and type of housing units or jobs needed.
- The project addresses at least one of the barriers identified in a regional Analysis of Impediments to Fair Housing.
- The project has a measurable public benefit beyond the applicant community.

NOTES:

Activities that may satisfy two (or more) principles will only be credited to one principle. Similarly, if a project meets more than one of the examples of a particular principle, the principle will count only once.

Projects that eliminate a public health or safety risk (e.g., demolition of a blighted structure) are exempt from the Sustainable Development threshold. In addition, CDBG-funded Public Social Service and non-development Microenterprise Assistance Projects are also exempt.

In addition, projects seeking funding from the state's housing and community development programs remain subject to the specific programmatic requirements. Similarly, projects proposed under c. 40B are governed by MGL c. 40B Sections 20-23, and 760 CMR 30.00 and 31.00 as well as all Fair Housing Laws. Projects should also demonstrate consistency with the Commonwealth's Fair Housing Principles, attached at the end of this document.

Sustainable Development Features

Although not threshold criteria, the following are examples of sustainable development features that could serve to improve a project:

- Parking located where it does not visually dominate the development from the street and allows easy and safe pedestrian access to buildings.
- The project contributes to the public streetscape with pedestrian-friendly amenities such as benches, lighting, street trees, trash cans, and windows at street level.

- The project creates or enhances community spaces such as public plazas, squares, parks, etc.
- Water usage and wastewater is handled sustainably (i.e. plantings are of a type that require minimal watering, water conservation measures are taken in the homes, and wastewater is effectively treated and kept in watershed).
- The proponent made efforts to involve members of the community in the planning and design of the project.
- Impervious surface is minimized by measures such as providing only as much parking as is necessary, structured parking, narrow streets, short driveways, and best management practices for stormwater collection and recharge.
- The project proponent strives to use mechanisms that will permanently protect open space.
- Overall building size kept to a minimum while still meeting occupants' needs. (e.g., 1600 SF plus 200 SF per bedroom)
- The project expands the local tax base.

Massachusetts Fair Housing Mission Statement and Principles

The mission of DHCD through its programs and partnerships is to be a leader in creating housing choice and providing opportunities for inclusive patterns of housing occupancy to all residents of the Commonwealth, regardless of income, race, religious creed, color, national origin, sex, sexual orientation, age, ancestry, familial status, veteran status, or physical or mental impairment.

It shall be our objective to ensure that new and ongoing programs and policies affirmatively advance fair housing, promote equity, and maximize choice. In order to achieve our objective, we shall be guided by the following principles:

1. **Encourage Equity.** Support public and private housing and community investment proposals that promote equality and opportunity for all residents of the Commonwealth. Increase diversity and bridge differences among residents regardless of race, disability, social, economic, educational, or cultural background, and provide integrated social, educational, and recreational experiences.
2. **Be Affirmative.** Direct resources to promote the goals of fair housing. Educate all housing partners of their responsibilities under the law and how to meet this important state and federal mandate.
3. **Promote Housing Choice.** Create quality affordable housing opportunities that are geographically and architecturally accessible to all residents of the commonwealth. Establish policies and mechanisms to ensure fair housing practices in all aspects of marketing.
4. **Enhance Mobility.** Enable all residents to make informed choices about the range of communities in which to live. Target high-poverty areas and provide information and assistance to residents with respect to availability of affordable homeownership and rental opportunities throughout Massachusetts and how to access them.

5. Promote Greater Opportunity. Utilize resources to stimulate private investment that will create diverse communities that are positive, desirable destinations. Foster neighborhoods that will improve the quality of life for existing residents. Make each community a place where any resident could choose to live, regardless of income.
6. Reduce Concentrations of Poverty. Ensure an equitable geographic distribution of housing and community development resources. Coordinate allocation of housing resources with employment opportunities, as well as availability of public transportation and services.
7. Preserve and Produce Affordable Housing Choices. Encourage and support rehabilitation of existing affordable housing while ensuring that investment in new housing promotes diversity, and economic, educational, and social opportunity. Make housing preservation and production investments that will create a path to social and economic mobility.
8. Balance Housing Needs. Coordinate the allocation of resources to address local and regional housing need, as identified by state and community stakeholders. Ensure that affordable housing preservation and production initiatives and investment of other housing resources promote diversity and social equity and improve neighborhoods while limiting displacement of current residents.
9. Measure Outcomes. Collect and analyze data on households throughout the housing delivery system, including the number of applicants and households served. Utilize data to assess the fair housing impact of housing policies and their effect over time, and to guide future housing development policies.
10. Rigorously Enforce All Fair Housing and Anti-Discrimination Laws and Policies. Direct resources only to projects that adhere to the spirit, intent, and letter of applicable fair housing laws, civil rights laws, disability laws, and architectural accessibility laws. Ensure that policies allow resources to be invested only in projects that are wholly compliant with such laws.

APPENDIX B

Disposition of Local Initiative Program (LIP) Affordable Units

DHCD requires affordable homeownership units to be sold through a lottery process. The main purpose of a lottery is to assure that all income-eligible people have equal access to affordable housing opportunities. Administering an affordable housing lottery requires good planning, attention to a variety of rules, and local capacity. When a municipality or another public agency develops and sells affordable housing units, the lottery must comply with G.L. c. 30B, the Uniform Procurement Act, which governs the disposition of publicly owned property.

In addition, all developers – public or private – have to consider the affirmative marketing requirements of Chapter 40B. These requirements usually fall under the purview of housing finance agencies, whether by regulation or guideline. For non-subsidized developments that become eligible for the Subsidized Housing Inventory through the Local Initiative Program (LIP), 760 CMR 45:00, DHCD provides basic lottery guidelines. Generally, the lottery requirements of LIP and housing finance agencies are compatible with the Uniform Procurement Act so if the Town develops units for sale, achieving compliance with both procurement and fair housing laws should not be particularly difficult. In contrast, new rental units are usually not subject to the same time of lottery procedures. Instead, each rental development must have a DHCD-approved marketing plan that includes steps such as outreach to families on a Housing Authority's waiting list and those with Section 8 vouchers.

In a so-called “friendly” Chapter 40B development (which does not have to be a LIP), up to 70% of the units may be offered preferentially to local residents or people with a connection to the town. For Hamilton, the definition of “local preference” might include any of the following:

- ◆ The Town's current low- or moderate-income residents;
- ◆ Low- or moderate-income households with a family member who grew up in Hamilton or graduated from the Hamilton-Wenham Regional Schools;
- ◆ A low- or moderate-income adult child, sibling or parent of a current Hamilton resident;
- ◆ Non-resident low- or moderate-income households with a family member who works for the Town, the Hamilton-Wenham Regional Schools, the Hamilton-Wenham Public Library, or another local employer establishment; or
- ◆ Non-resident low- or moderate-income households with a child in the Hamilton-Wenham Regional Schools.

Some communities establish priorities within these categories. For example, when Hopkinton conducted a lottery to sell a CPA-assisted affordable unit two years ago, the sponsoring committee awarded additional lottery points to low- or moderate-income single parents living as renters in

Hopkinton. If the Town has not already adopted a local preference policy, the Housing Partnership could assist by helping the Board of Selectmen to write a policy that would apply to friendly Chapter 40B projects.⁵⁵

Affirmative Marketing, Local Preference and Lottery Procedures

The following procedures are typically required for a LIP lottery of housing units owned and to be sold by a city or town. Except for certain advertising requirements, most of these procedures apply equally to Chapter 40B developers.

STEP 1: Prepare an affirmative marketing plan.

A marketing plan is generally the developer's responsibility, but many communities want a role in the lottery process and often they participate in designing the marketing plan. It is important to understand that a marketing plan is *required* for all LIP "Units Only" and LIP Project Eligibility Applications.⁵⁶ As a result, DHCD's review of the marketing plan is concurrent with its review of a larger application package. At minimum, the plan must include:

- ◆ A detailed advertising and outreach schedule, generally beginning six months before units will be ready for occupancy, including media that reach local, regional and minority audiences. (Standard features of an advertising and outreach schedule appear later in this outline.)
- ◆ A description of the procedures that homebuyers must follow in order to apply for inclusion in the lottery, any minimum eligibility requirements they must meet, and any documentation they must submit in order to qualify for the local preference pool.

Common requirements include a minimum household size if the units contain three or more bedrooms, evidence of mortgage pre-approval from a lending institution, evidence of availability of funds for the downpayment, and signed verification consent forms. To document local preference eligibility, applicants are usually asked to provide recent utility bills or credit card statements. The documentation is verified later by a lottery or marketing agent the developer hires to assist with the lottery process.

⁵⁵ The legality of "local preference" in homebuyer selection procedures has not been tested in the courts. For a good discussion of federal Fair Housing Act considerations, see Henry Korman, *Meeting Local Housing Needs: A Practice Guide for Implementing Selection Preferences and Civil Rights Requirements in Affordable Housing Programs*, (Citizens Housing and Planning Association, September 2004).

⁵⁶ "LIP Project Eligibility" refers to a comprehensive permit site approval process for non-subsidized affordable housing developments. LIP "Units Only" is a process communities may use to place individual affordable housing units on the Chapter 40B Subsidized Housing Inventory, i.e., units that are not part of a comprehensive permit development but meet the basic definition of Chapter 40B housing. In either case, evidence of community support is a LIP application requirement.

- ◆ A description of the lottery process, including the criteria for “local preference” and steps that will be taken to guarantee equal participation by minorities.

The standard procedure for affordable homeownership developments is that if the percentage of minority applicants in local preference pool is smaller than the regional percentage of minority persons, the town or developer must conduct a “pre-lottery” to draw minority applicants from the “general” (not local preference) pool, and add non-local minority applicants to the local preference pool until it has the required percentage of minority candidates. For the Boston MSA, this would be 17.5%.

- ◆ Sample copies of all advertisements, outreach literature, lottery instructions and application forms, and any other information supplied to applicants about the project, including post-lottery requirements that must be met and grievance procedures.
- ◆ A sample copy of the affordable housing use restriction that will be recorded at the Registry of Deeds to preserve affordability upon resale.
- ◆ Identification of persons/officials responsible for each aspect of the marketing plan. Usually these parties include the developer, a marketing agent, a presiding official for the lottery, and a monitoring agent who conducts an independent verification of income eligibility after the lottery and prior to the loan closing.

STEP 2: Submit affirmative marketing plan (with LIP application) to DHCD for review and determination.

DHCD’s review process may take several weeks. In the past, the agency has conducted a site visit and met with town officials to discuss the project. If DHCD has concerns about the application and/or marketing plan, LIP staff will work with the town and developer to modify the plan for approval. There is no formal appeals process. *DHCD’s approval of application and marketing plan must be obtained before proceeding with the lottery.*

STEP 3: After DHCD approves the LIP application, marketing procedures may commence at the appropriate time, in accordance with the approved plan.

Since DHCD’s approval of a LIP application usually occurs many months before the lottery actually takes place, estimated dates and timelines in the marketing plan may have to be revised. As long as a project complies overall with the plan that DHCD reviewed and approved, it is generally permissible to adjust dates. It would be problematic for a project to condense the marketing period from six months to three, but this is not the case if advertising begins in March instead of February provided the end date in the process is August instead of July.

- ◆ Confirm dates for public information meetings, the deadline for applications and the date of the lottery. The application deadline and lottery dates should be at least two weeks apart in order

to accommodate eligibility screenings and the possibility that a pre-lottery will be needed for fair housing compliance.

- ◆ Secure sites for public information meetings and the lottery.
- ◆ Prepare and submit advertisements to newspapers, other media and the *Central Register* (for units to be sold by the town, not by a private developer).
- ◆ Coordinate with lottery manager, monitoring agent, others involved with the project to clarify roles, responsibilities and availability at key points from the commencement of marketing to occupancy of the housing units.
- ◆ Conduct public information meetings.

STEP 4: Lottery administrator or marketing agent receives applications, conducts pre-qualification review, and prepares for lottery

- ◆ Upon receipt of applications and prior to the lottery, review each application and make an initial determination of applicant eligibility.
- ◆ Prepare list of all pre-qualified applicants, assign numbers to names, and write assigned numbers on ballots suitable for pulling from a bin. For the lottery, secure a bin with no seams, crevices or folds that could snag the papers. (An opaque bowl is fairly common.)
- ◆ If the local preference pool has inadequate minority representation, conduct a pre-lottery to add non-local minority applicants to the local preference pool. Adequate minority representation means that the number of minority applicants in the local preference pool is equal to the percentage of minority persons in the Boston MSA population.
- ◆ Notify applicants of their eligibility status, and inform them of their assigned number.
- ◆ Create a spreadsheet or database with basic applicant information, sorted by ballot number.

STEP 5: Conduct and complete the lottery process.

- ◆ Hold the lottery on the date/time advertised. It is fairly common, but not required, for a local official to draw names from the bowl.
- ◆ Draw Local Preference ballots first; then draw ballots from the General Pool. (All applicants deemed eligible for the Local Preference Pool are also placed in the General Pool.)
- ◆ Maintain a record of all ballots drawn. The first ballot drawn will be ranked number one, the second ballot drawn will be ranked number two, and so on until all ballots have been drawn. The marketing agent records the name and number of each applicant in each pool.

- ◆ Inform applicants of the ranking results and remind them that the order of selection does not guarantee a unit.
- ◆ Award units in a manner that reflects special requirements of the affirmative marketing plan or DHCD requirements. For example, there is a state policy preference for units with two or more bedrooms to be awarded to families. After the lottery rankings are finished, the marketing agent usually goes through the spreadsheet or database, identifies the family with the highest lottery ranking, and awards units sequentially to families first, paying attention to the percentage of units earmarked for Local Preference homebuyers. Units are awarded to households that do not need two or more bedrooms only after families have received a priority position in the award process.

STEP 6: Confirm the eligibility of the lottery winner through <i>third-party verification</i> .
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- ◆ Applicants awarded a unit usually have 30 days to complete the purchase of their new home.
- ◆ Some developments offer the lottery winners assistance through the process of securing a mortgage. Often, the winners have attended a first-time homebuyer program and the program provides technical assistance through closing.
- ◆ The homebuyer's income eligibility must be re-confirmed immediately prior to closing.

An applicant whose income exceeds 80% of area median income on or before the date of the closing may not purchase a Chapter 40B unit in the development.

An affordable unit sold to a household with income above 80% of area median income will not be added to the Subsidized Housing Inventory.

- ◆ Verify that the affordable housing restriction is completed properly before it is signed by the homebuyer and recorded at the Registry of Deeds.

APPENDIX C

Cities and Towns with 8%+ Chapter 40B Subsidized Housing⁵⁷

City or Town	Year-Round Housing Units	Units in Low-Income and Mixed-Income Developments	Chapter 40B Units	Percent Chapter 40B Units
Aquinnah	155	41	41	26.5%
Holyoke	16,180	3,525	3,448	21.3%
Boston	250,367	50,579	49,759	19.9%
Chelsea	12,317	2,121	2,116	17.2%
Springfield	61,001	10,398	10,073	16.5%
Gardner	8,804	1,403	1,403	15.9%
Cambridge	44,138	7,066	6,976	15.8%
Lawrence	25,540	3,783	3,713	14.5%
Bedford	4,692	785	669	14.3%
Greenfield	8,274	1,161	1,151	13.9%
Georgetown	2,601	373	361	13.9%
Worcester	70,408	9,587	9,575	13.6%
Orange	3,236	432	432	13.3%
Lowell	39,381	5,254	5,231	13.3%
Hadley	1,943	257	257	13.2%
Salem	18,103	2,591	2,389	13.2%
Lynn	34,569	4,511	4,510	13.0%
Brockton	34,794	4,464	4,464	12.8%
North Adams	7,061	891	891	12.6%
Dedham	8,893	1,137	1,092	12.3%
New Bedford	41,403	5,095	5,064	12.2%
Mansfield	8,083	978	945	11.7%
Northampton	12,282	1,486	1,431	11.7%
Burlington	8,395	1,379	977	11.6%
Beverly	16,150	1,898	1,859	11.5%
Canton	8,129	997	934	11.5%
Raynham	4,197	595	480	11.4%
Malden	23,561	2,762	2,694	11.4%
Stoughton	10,429	1,437	1,192	11.4%
Lexington	11,274	1,338	1,279	11.3%
Fall River	41,757	4,830	4,734	11.3%
Amherst	9,020	1,111	1,016	11.3%
Stockbridge	1,066	120	120	11.3%
Amesbury	6,570	853	729	11.1%

⁵⁷ DHCD, Subsidized Housing Inventory (October 2007).

Hamilton Housing Plan

City or Town	Year-Round Housing Units	Units in Low-Income and Mixed-Income Developments	Chapter 40B Units	Percent Chapter 40B Units
Northborough	4,983	668	550	11.0%
Winchendon	3,563	393	393	11.0%
Pembroke	5,834	780	632	10.8%
Holbrook	4,145	449	449	10.8%
Marlborough	14,846	1,618	1,564	10.5%
Revere	20,102	2,108	2,108	10.5%
Fitchburg	15,963	1,668	1,667	10.4%
Chicopee	24,337	2,575	2,538	10.4%
Peabody	18,838	2,068	1,959	10.4%
Danvers	9,712	937	1,007	10.4%
Montague	3,826	427	395	10.3%
Franklin	10,296	1,547	1,058	10.3%
Framingham	26,588	2,724	2,724	10.2%
Quincy	39,912	4,063	4,063	10.2%
Ware	4,285	436	436	10.2%
Hudson	7,144	897	726	10.2%
Bellingham	5,632	619	568	10.1%
Chester	528	52	52	9.8%
Westborough	6,729	698	660	9.8%
Webster	7,343	762	707	9.6%
Clinton	5,817	560	560	9.6%
Somerville	32,389	3,186	3,075	9.5%
Pittsfield	21,000	2,027	1,973	9.4%
Westwood	5,218	608	490	9.4%
Methuen	16,848	1,926	1,564	9.3%
Haverhill	23,675	2,340	2,153	9.1%
Lincoln	2,076	260	188	9.1%
Orleans	3,317	328	298	9.0%
Andover	11,513	1,310	1,027	8.9%
Littleton	3,018	312	269	8.9%
Wenham	1,310	169	116	8.9%
Braintree	12,924	1,612	1,140	8.8%
Middlefield	229	20	20	8.7%
Huntington	847	73	73	8.6%
Abington	5,332	470	458	8.6%
Upton	2,083	223	178	8.5%
Lakeville	3,385	654	287	8.5%
Hanover	4,440	375	375	8.4%
Leominster	16,937	1,464	1,427	8.4%
Newburyport	7,717	745	649	8.4%
Oak Bluffs	1,677	143	141	8.4%

Hamilton Housing Plan

City or Town	Year-Round Housing Units	Units in Low-Income and Mixed-Income Developments	Chapter 40B Units	Percent Chapter 40B Units
Dartmouth	10,839	939	909	8.4%
Reading	8,811	965	738	8.4%
Ayer	3,141	289	262	8.3%
Salisbury	3,456	468	288	8.3%
Wales	690	57	57	8.3%
Wilmington	7,141	923	587	8.2%
Ipswich	5,414	468	444	8.2%
Everett	15,886	1,302	1,302	8.2%
Weymouth	22,471	1,851	1,827	8.1%
Longmeadow	5,832	472	472	8.1%
Maynard	4,398	355	355	8.1%
Taunton	22,874	1,950	1,838	8.0%
Templeton	2,492	313	200	8.0%
Winthrop	8,009	641	641	8.0%

Appendix D

Selected Bibliography of Affordable Housing Resources

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Appendix E

Financial Resources for Affordable Housing Federal, State and Local Programs

(See following charts)

FINANCIAL RESOURCES FOR AFFORDABLE HOUSING

Source	Uses	Eligible entities	Description
Part I: Housing Development			
HOME Investment Partnership Program	Rental and homeownership housing development	Municipalities, for-profit developers nonprofit developers	In the State HOME Program, HOME-assisted rental units must be targeted to households earning no more than 60% of median income. Twenty percent of rental units must be targeted to households at 50% or less of median income. Homebuyer and homeownership projects are targeted to households with incomes below 80% area median. Minimum number of HOME rental units per project is 5, and Minimum number of HOME homeownership units per project is 3. Maximum per project award is \$750,000. Per unit cap is \$65,000 for non-entitlement communities. Funds are available as 30-year deferred payment loans. Applications require signature of the local chief elected official.
For further information contact: <i>North Shore HOME Consortium</i> <i>City of Peabody</i> <i>City Hall, 24 Lowell Street</i> <i>Peabody, Massachusetts 01960</i> <i>978.538.5774</i>	Acquisition, new construction, rehabilitation, tenant-based rental assistance, first-time homebuyer assistance.	15% of HOME funds are reserved for nonprofit Community Housing Development Corporations (CHDOs)	For North Shore HOME Consortium programs, project caps and program-wide goals, see the Consortium's Five-Year Consolidated Plan (2005).
<i>Massachusetts Department of Housing and Community Development (DHCD), Division of Housing Development,</i> <i>617.573.1300</i>			

FINANCIAL RESOURCES FOR AFFORDABLE HOUSING

Source	Uses	Eligible entities	Description
Housing Innovations Fund (HIF)	Creation and preservation of alternative forms of affordable rental housing including single room occupancy (SRO) units; limited equity cooperative housing; transitional housing; employer assisted housing; and lease to purchase housing.	Nonprofit developers	HIF provides up to \$500,000 per project for the development of supportive housing for the homeless, individuals and families at-risk for homelessness, people with HIV/AIDS, women and their children fleeing domestic violence and individuals with physical and/or developmental disabilities. Funding, which is in the form of a deferred payment loan, cannot exceed 50% of the total development cost (TDC) of a project, except for battered women's shelters, where the limit is 80% of TDC. At least 50% of the occupants in a HIF-funded project must be persons with incomes less than 80% of the area median income (AMI); and not less than 25% of the units may be reserved for households/individuals with incomes below 30% AMI.
Contact: DHCD, Division of Housing Development, 617.573.1300			
Housing Stabilization Fund Program (HSF)	Rental housing Homeownership Acquisition, rehabilitation, I new construction.	For-profit developers, non-profit developers or municipalities partnering with for-profit or nonprofit developers; Rehabilitation Initiative: Municipalities or for-profit or nonprofit developers;	The HSF is comprised a Rental Housing Program (RHP) and a Project-Based First-time Homebuyer Program (PBFTP). RHP: Production and Preservation of affordable rental units through acquisition and/or rehabilitation of existing structures or new construction. Maximum assistance per project is \$750,000; \$65,000 maximum per unit. In non-entitlement/non-consortium communities. Project must have a minimum of 5 assisted units. All assisted units must be occupied by households with incomes no greater than 80% of Area Median Income (AMI) during first 40 yrs. Yrs 41-50, no greater than 100% of AMI. PBFTP: Production and Preservation of affordable first-time homebuyer units through acquisition and/or rehabilitation of existing structures or new construction. Maximum funding per
Contact: DHCD, Division of Housing Development, 617.573.1300			

FINANCIAL RESOURCES FOR AFFORDABLE HOUSING

Source	Uses	Eligible entities	Description
Community Development Block Grant Program (CDBG)	Rental housing	Municipalities with	project is \$750,000; \$65,000 maximum per unit in non-entitlement/non-consortium communities. Projects must have a minimum of 3 HSF assisted units. All first-time homebuyers purchasing HSF-assisted units must earn no more than 80% of AML.
	Homeownership	populations under 50,000	
	Acquisition, rehabilitation, homeownership assistance, new construction (only when undertaken by Community-Based Development Organizations)	Non-entitlement communities	
	The State receives an annual allocation of CDBG funds from HUD that it awards on a competitive basis to non-entitlement or "Small Cities" communities. Eligible housing activities must benefit a majority of low –and– moderate income households.		
	Contact: DHCD, Division of Community Services, 617.573.1100		

FINANCIAL RESOURCES FOR AFFORDABLE HOUSING

Source	Uses	Eligible entities	Description
Housing Development Support Program (HDSP)	Rental housing including SRO's, transitional housing, housing for people with special needs.	Municipalities with a population under 50,000	HDSP housing projects are limited to seven units. However, SRO's and projects that provide units for individuals with special needs are exempt from the limit.
Contact: DHCD, Division of Community Services, 617.573.1100	Acquisition, rehabilitation, limited new construction	Non-entitlement communities	At least 51% of HDSP units must be affordable to low- and-moderate income households. Maximum grant awards are limited to \$500,000 plus administrative costs. For conversion of upper story space in downtown buildings and other adaptive reuse projects, projects are limited to 10 units and may apply for up to \$750,000 plus administrative costs.
Low Income Housing Tax Credits (LIHTC)	Rental housing	For-profit developers	The low-income housing tax credit enables developers to raise capital from investors for the development of low-income housing.
Contact: DHCD, Division of Housing Development, 617.573-1300 and MassHousing, Multifamily Development Department, 617.854.1371	Acquisition, rehabilitation, new construction	Nonprofit developers	Syndicators connect interested investors to development projects often pooling investor capital into equity funds. In exchange for providing funding for affordable housing development, investors are entitled to take either a 4% or 9% tax credit, depending on the project, for 10 years. At least 20% of the units must be reserved for households 50% or less than area median or 40% of the units must be affordable to households at 60% or less or area median income. Developers apply directly to DHCD for the tax credits. The Massachusetts Housing Finance Agency (MHFA) allocates the 4% credits in conjunction with MHFA tax-exempt bond financing.

FINANCIAL RESOURCES FOR AFFORDABLE HOUSING

Source	Uses	Eligible entities	Description
MassHousing (Formerly Massachusetts Housing Finance Agency) Contact: MassHousing, 617.854.1000	Rental housing	For-profit developers	MHFA provides a number of multi-family financing programs for mixed income rental housing, assisted living and housing for people with special needs. Most MHFA-financed projects must reserve at least 20% of the units for households at 50% or less of area median income (AMI). The exception is the ERA Expanding Rental Affordability Program, which offers financing for projects with no other public subsidy. This program requires that at least 20% of the units be affordable to households at 80% or less of AMI.
	Homeownership Acquisition, rehabilitation, new construction	Nonprofit developers	
Massachusetts Housing Partnership Fund (MHPF) Contact: <i>Massachusetts Housing Partnership Fund</i> , 617.338.7868 (Boston); 413.253.7379 (Amherst)	Rental housing	For-profit developers	The Massachusetts Housing Partnership (MHP) is a self-supporting state agency that provides both pre-development and permanent financing. For the development of affordable housing. The agency offers long-term loans that can range from \$100,000 (if project is part of a targeted community development plan) to \$9 million. Eligible projects must include five or more units. Depending on the project, MHP financing requires that between 20% to 50% of the units must be targeted to households earning 50% to 80% area median income. Rents for the affordable units cannot exceed MHP's Maximum Allowable Rents. In collaboration with the Massachusetts Housing Investment Corp. (MHIC), MHP can provide both construction and permanent financing through a single program, OneSource, greatly reducing the overall costs associated with securing development funding.
	Homeownership Acquisition, rehabilitation, new construction, refinancing existing debt with or without concurrent rehabilitation	Nonprofit developers	
(Same MHP Contact Info)	Soft Second Loan: Municipalities	Municipalities/ lending institutions	Soft Second Loan Program: Assistance, provided through community lenders, is used to subsidize

FINANCIAL RESOURCES FOR AFFORDABLE HOUSING

Source	Uses	Eligible entities	Description
	partnering with lending institutions.	partnership, for first-time homebuyers	mortgages or provide downpayment or closing cost assistance for eligible first-time homebuyers. Municipalities may receive up to \$300,000 in assistance.
The Affordable Housing Program (AHP), Community Development Advances and New England Fund (NEF)	Rental housing Homeownership Acquisition, new construction, rehabilitation	Nonprofit corporations Government entities	Through its member lending institutions, the Federal Home Loan Bank of Boston provides financing for affordable housing development through its Affordable Housing Program, Community Development Advances and the New England Fund. The AHP offers grants and subsidized advances for owner-occupied households up to 80% of area median income and rental housing in which 20% of the units are reserved for households at 50% or less of area median income. The maximum award is \$600,000 for a single project with a limit of \$300,000 in a direct subsidy (grant). Community Development Advances are available to projects in income-eligible neighborhoods (neighborhoods where the median household income is at or below 115%) or in which 51% of the units are occupied by households whose income is at or below 115% of area median income. The New England Fund targets households at 140% of area median income.

Contact: *Federal Home Loan
Bank of Boston (FHLBBoston),
617.292.9600*

FINANCIAL RESOURCES FOR AFFORDABLE HOUSING

Source	Uses	Eligible entities	Description
Acquisition Loan Program (ALP)	Rental housing Homeownership	Nonprofit corporations	The Community Economic Development Assistance Corporation (CEDAC), a quasi-state agency, provides short-term financing up to 80% of building value for acquisition projects only. Eligibility is limited to time-sensitive tax credit developments, acquiring key properties in targeted neighborhoods and projects utilizing CEDAC's Facilities Consolidation Fund, which finances the development of community residents for persons with mental illness or mental retardation.
Contact: <i>Community Economic Development Assistance Corporation, 617.727.5944</i>	Acquisition only		
Section 202 Supportive Housing for the Elderly Program	Rental housing with supportive services for the elderly	Nonprofit developers	Eligible applicants apply directly to HUD through a SuperNOFA application process. The program provides capital advances to finance the development of supportive housing for low-income elderly who are at least 62 years old. The capital advances do not have to be repaid if the project serves very low-income residents (30% of area median income or less) for 40 years. Project Rental Assistance is used to cover the difference between HUD-approved operating cost per unit and the resident's rent.
Contact: <i>U.S. Department of Housing and Urban Development, Boston office, 617.994.8200</i>	Acquisition, rehabilitation, new construction		
Section 811 Supportive Housing for Persons with Disabilities Program	Rental housing with supportive services for	Nonprofit developers	Eligible applicants apply directly to HUD through a SuperNOFA application process. The Section 811 program provides interest-free capital advances to develop rental housing with supportive services for very low-income persons with disabilities. The advance does not have to be repaid as long as the units remain affordable to very-low income residents with disabilities for at least 40 years. The 811 program also provides rental assistance (see Section 202 description above).
Contact: <i>U.S. Department of Housing and Community Development, Boston office, 617.994.8200</i>	Acquisition, rehabilitation, new construction		

FINANCIAL RESOURCES FOR AFFORDABLE HOUSING

Source	Uses	Eligible entities	Description
Part II: Technical assistance and pre-development financing			
Local Initiative Program (LIP)	Rental housing Homeownership	For-profit developers Nonprofit developers Municipalities	Through the Local Initiative Program, DHCD provides pre-development technical assistance to municipalities and housing developers, from evaluating site selection to analyzing financial feasibility. The assistance is considered comparable to a financial "subsidy" under MGL Ch. 40B, enabling LIP units to be counted toward a community's inventory of affordable units. LIP units are reserved for households below 80% median area income.
Contact: DHCD, Division of Housing Development, 617.573-1300			
Predevelopment Seed Funding and Technical Assistance	Rental housing	Nonprofit corporations	CEDAC provides technical assistance and pre-development financing for the development and preservation of affordable housing. Depending on project feasibility, CEDAC can increase its loan commitment to enable housing developers to prepare applications for financing and secure the necessary regulatory approvals.
Contact: CEDAC, 617.727.5944			

Appendix F

Suggested RFP/Scope of Services for Housing Coordinator

REQUEST FOR PROPOSALS

Consulting Services: Housing Coordinator

Hamilton Housing Partnership
577 Bay Road
Hamilton, MA 01936

{Date}

Introduction

1. General. The Hamilton Housing Partnership seeks proposals from individuals and firms qualified to provide housing and planning services in connection with implementing the Town of Hamilton's Affordable Housing Plan. This Request for Proposals (RFP) describes the opportunity available to qualified consultants and the requirements for submitting a technical proposal and a price-proposal in accordance with G.L. c.30B.
2. All inquiries should be directed to:

David Carey, Chair
Hamilton Housing Partnership
577 Bay Road
Hamilton, MA 01936
3. Deadline. The deadline for delivery of proposals is {DATE, TIME}. Proposals received after the deadline will be rejected and returned, unopened, to the sender. The Housing Partnership will receive technical proposals and price proposals prepared by interested competitors. The original and three (3) copies of each technical proposal and one (1) price proposal must be delivered to the Town by the date and time specified in this RFP. The Town reserves the right to reject all proposals received. If Hamilton Town Hall is closed at the time of the delivery deadline due to uncontrolled events such as fire, wind, or building evacuation, the proposal opening will be postponed until TIME on the next normal business day. Proposals will be accepted until that date and time.
4. Review and Selection Process. The Partnership intends to select a Housing Coordinator within 30 days of the deadline for submission of proposals and may, at its discretion, hold interviews with the Proposers during the review process. All proposals must remain valid until {DATE}.

5. General Limitations. The Town reserves the right to reject any proposal which, in its judgment, fails to meet the requirements of this RFP or which is incomplete, conditional or obscure, or which contains additions or irregularities, or in which errors occur. The Town reserves the right to waive minor discrepancies, to permit a proposer to clarify such discrepancies, and to conduct discussions with all qualified Proposers in any manner necessary to serve the best interests of the Town. Any fees or other expenses associated with the RFP process are solely the responsibility of Proposers. All information contained in this document is accurate to the knowledge of the Town.

Project Description

The Hamilton Housing Partnership wishes to engage a qualified Housing Coordinator for a period of up to three years, subject to continued availability of funds. The Housing Partnership is a volunteer committee appointed by the Board of Selectmen. Its primary responsibility is to oversee the Town's Affordable Housing Production Plan, which identifies affordable housing production goals and implementation strategies. The consultant selected pursuant to this RFP must be qualified, through education and experience, to provide a wide range of services relating to affordable housing and demonstrate extensive knowledge of Chapter 40B.

Scope of Services

The Housing Coordinator's responsibilities shall include but are not limited to the following:

1. Provide ongoing or as-needed technical assistance and professional support to the Housing Partnership, such as but not limited to attendance at monthly Housing Partnership meetings and coordinating the Partnership's meeting agendas; serving as liaison between the Partnership, land owners, affordable housing developers and other town departments; and preparing Partnership comments on comprehensive permit applications submitted to the Board of Appeals.
2. At the request of the Board of Appeals, provide technical assistance and consultation for review of comprehensive permits, developer negotiations, assistance with drafting comprehensive permit decisions, and coordinating the work of peer review consultants.
3. Represent the Town of Hamilton at housing conferences and housing workshops.
4. Provide public education about affordable housing and housing needs in Hamilton, including the design, development and maintenance of web site materials and periodic training programs for town boards.
5. Coordinate the Town's expenditure of Community Preservation Act (CPA) funds for community housing projects approved by town meeting, and assist the Housing Partnership with preparing requests for CPA funds.

6. Coordinate the Town's access to and use of HOME funds from the North Shore HOME Consortium, and assist as needed with preparing Town submissions for the Five-Year Consolidated Plan and One-Year Action Plan.
7. At the request of the Housing Partnership and Board of Selectmen, prepare grant applications for funds to support local housing initiatives.
8. Assist the Housing Partnership with identifying and implementing local initiative projects.
9. At the request of the Planning Board, assist with reviewing development plans that are subject to the inclusionary zoning bylaw, and prepare and update inclusionary zoning rules and regulations, including fee schedules.
10. Assist the Housing Partnership and Board of Selectmen with plans and policies for administering the Affordable Housing Trust Fund (inclusionary zoning bylaw).

Proposal Submission Requirements

In accordance with G.L. c. 30B, the proposal must consist of a technical or non-price proposal and a price proposal, as follows:

Part A - Non-Price Proposal. Part A must include:

1. A cover letter stating that the proposer has read, understands and will comply with the requirements and conditions contained in this RFP, signed by the individual proposer or, if a firm, by the firm's authorized signatory.
2. A narrative summary of the proposer's qualifications and experience, including the proposer's resume or if a firm, the resumes of all project personnel to be assigned to Hamilton's contract. The narrative should highlight past or current engagements involving work similar to the services requested by the Hamilton Housing Partnership. Proposers should also provide sufficient information to address the minimum and comparative evaluation criteria listed in Section XX of this RFP. Proposers may include their standard firm description or other marketing materials as exhibits.
3. A proposed plan of services.
4. A list of at least three references, including contact names, addresses and phone numbers, for similar services provided by the proposer to other Massachusetts cities or towns in the past five years.

5. Non-Collusion Certification pursuant to G.L. c.30, Section 39M, and Tax Compliance Certification pursuant to G.L. c.62C, Section 49A, signed by the proposer.

Part B - Price Proposal

The proposer must provide a lump sum amount for services to the Town. For budgetary purposes, the proposer should assume an average of 10 hours per week of services to the Housing Partnership as well as two night meetings per month.

Part A and Part B of the Proposal shall be submitted in separate sealed envelopes. The Part A envelope shall be labeled: "Town of Hamilton: Non-Price Proposal for Housing Coordinator Services" and the Part B envelope shall be labeled: "Town of Hamilton: Price Proposal for Housing Coordinator Services."

Proposal Evaluation Criteria

A. Minimum Criteria

The following minimum evaluation criteria will determine whether a proposal is eligible for full review.

1. The proposal is complete and conforms to all of the proposal submission requirements set forth in Section __ of this RFP.
2. The proposal contains evidence that the Proposer has performed at least three similar engagements in the last five years for one or more Massachusetts local governments.

B. Comparative Evaluation Criteria

Proposals deemed responsive to this RFP will be reviewed for their competitiveness under several criteria that are important to the Hamilton Housing Partnership:

Rating	Standard
Highly Advantageous	Proposer has successfully provided similar technical assistance, training and project support services to more than three Massachusetts communities in the past five years.
Advantageous	Proposer has successfully provided similar technical assistance, training and project support services to two or three other Massachusetts communities in the past five years.
Not Advantageous	Proposer does not have sufficient and/or successful experience to qualify for a highly advantageous or an advantageous rating.

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Rating	Standard
Highly Advantageous	Proposer demonstrates extensive knowledge of Chapter 40B and comprehensive permits, through prior consulting experience or relevant employment in a Massachusetts city or town, or as a peer review team project manager, or as a trainer for a public, quasi-public or non-profit organization that provides Chapter 40B education for local officials.
Advantageous	Proposer demonstrates extensive knowledge of Chapter 40B and comprehensive permits, through professional experiences other than the types of experience required to qualify for a highly advantageous rating.
Not Advantageous	Proposer does not have sufficient experience to qualify for a highly advantageous or an advantageous rating.

Rating	Standard
Highly Advantageous	Proposer demonstrates considerable experience with preparing and implementing affordable housing plans for local governments, or has past experience as a development consultant or other development team member on at least three comprehensive permits.
Advantageous	Proposer demonstrates acceptable level of experience with preparing and implementing affordable housing plans for local governments, or has past experience as a development consultant or other development team member on at least two comprehensive permits.
Not Advantageous	Proposer does not have sufficient experience to qualify for a highly advantageous or an advantageous rating.

Rating	Standard
Highly Advantageous	Proposer has excellent oral and written communication skills and demonstrates considerable effectiveness in affordable housing advocacy.
Advantageous	Proposer has very good oral and written communication skills and demonstrates effectiveness in affordable housing advocacy.
Not Advantageous	Proposer does not demonstrate sufficient skills or effectiveness to qualify for a highly advantageous or an advantageous rating.

Rating	Standard
Highly Advantageous	Proposer's references and other clients contacted for references are very favorable.
Advantageous	Proposer's references and other clients contacted for references are generally favorable.
Not Advantageous	The results of Proposer's reference check do not qualify for a highly advantageous or an advantageous rating.

General Terms and Provisions

A. Award of Contract

The Hamilton Housing Partnership will review and rate the non-price proposals based on the evaluation criteria included in this RFP. Proposers must meet the Minimum Evaluation Criteria in order to qualify for a Comparative Evaluation Criteria review. As part of the review process, the Housing Partnership may contact previous clients or employers of key personnel, as applicable, to verify the proposer's experience and education qualifications. The Housing Partnership will conduct interviews with one or more proposers. Based on proposal ratings, the Housing Partnership will determine the most advantageous proposal and make a recommendation for contract award to the Town's Chief Procurement Officer. It is anticipated that the contract award will take place within 30 days of the proposal submission date.

B. Project Schedule

It is anticipated that the term of service shall commence on or about July 1, __, and continue for up to three successive fiscal years, subject to continued availability of funds. The successful Proposer should be prepared to execute a contract agreement and commence work immediately upon selection.

C. General Provisions

The Town imposes the following general conditions:

{INSERT TOWN OF HAMILTON GENERAL PROVISIONS}